STATE UNIVERSITY
COMMERCE LIBRARY

JOURNAL OF

AMERICAN INSURANCE

VOL. 21 ★ No. 3 MARCH, 1944

Featuring

Developments in Insurance Education

Big Fires of 1943

Our Toiling Teen-Agers

Post-War Business Conditions

Insurance News Digest

Complete protection at lower cost . . . due to effective fire prevention, careful risk selection, economical management.

MILL MUTUALS

ARE GENERAL FIRE INSURANCE CARRIERS

★ ★ ★

Millers Mutual Fire Insurance Co. . . . . Harrisburg, Pa.
Millers Mutual Fire Insurance Co. . . . . Fort Worth, Texas
Pennsylvania Millers Mutual Fire Ins. Co. . . . . Wilkes-Barre, Pa.
Millers Mutual Fire Insurance Association . . . . . Alton, Ill.
Grain Dealers National Mutual Fire Ins. Co. . . . . Indianapolis, Ind.
Western Millers Mutual Fire Insurance Co. . . . . Kansas City, Mo.
National Retailers Mutual Insurance Co. . . . . Chicago, Ill.
Michigan Millers Mutual Fire Insurance Co. . . . . Lansing, Mich.
Mill Owners Mutual Fire Insurance Co. . . . . Des Moines, Ia.

MILL MUTUAL FIRE PREVENTION BUREAU
400 W. Madison St., Chicago, Ill.
A Service organization maintained by the Mill Mutuals.

★ ★ ★

Associated LUMBER MUTUALS

★

CENTRAL MANUFACTURERS' MUTUAL INSURANCE CO.
OF VAN WERT

INDIANA LUMBERMENS MUTUAL INSURANCE COMPANY
OF INDIANAPOLIS

LUMBER MUTUAL FIRE INSURANCE COMPANY
OF BOSTON

LUMBERMENS MUTUAL INSURANCE COMPANY
OF MANSFIELD

NORTHWESTERN MUTUAL FIRE ASSOCIATION
OF SEATTLE

PENNSYLVANIA LUMBERMENS MUTUAL FIRE INSURANCE CO.
OF PHILADELPHIA

NATIONWIDE INSURANCE Service

Gale & Stone, Boston — Mutual Insurance Bureau, Philadelphia — Lumbermens Mutual Insurance Agency, Inc., Mansfield, Ohio, Pittsburgh, Penna.—Lumbermens & Manufacturers Mutuals, Inc., James S. Kemper, Mgr., Chicago, Milwaukee, Minneapolis, Omaha — Associated Mutuals, Inc., Atlanta, Ga. — Lumber Mutual Agency, Indianapolis, Memphis, Dallas, Kansas City — Martin Agency, Seattle.

DONALD KNOWLTON

Commissioner of Insurance

STATE OF NEW HAMPSHIRE

COMMISSIONER Knowlton, one of the newer additions to the ranks of the National Association of Insurance Commissioners, brings an abundance of legal training and judicial temperament to bear on his position as head of the New Hampshire Insurance Department. Born in Concord, New Hampshire in 1895 he holds degrees from the Boston University College of Liberal Arts and Boston University Law School. He served as Assistant United States Attorney for the District of New Hampshire from 1922-1927 and was legislative counsel to Governor Robert O. Blood during the 1941 and 1943 sessions of the New Hampshire legislature.

JOURNAL OF
AMERICAN INSURANCE

VOL. 21 • NO. 3
MARCH 1944

Published By
American Mutual Alliance

919 NORTH MICHIGAN AVENUE
CHICAGO 11, ILLINOIS

THIS MONTH

Page

FRONTISPIECE
Donald A. Knowlton, Commissioner of Insurance, State of New Hampshire 2

EDITORIAL 3

POST-WAR BUSINESS CONDITIONS
By Maurice H. Stans 5

DEVELOPMENTS IN INSURANCE EDUCATION
By Paul H. Williams 7

INSURANCE NEWS DIGEST 11

BIG FIRES OF 1943 15

OUR TOILING TEEN-AGERS
By C. E. Pettibone 22

Cover Illustration
Harold M. Lambert

NEXT MONTH

There is in process of preparation for our April number an article looking ahead at the future growth of scheduled airlines, with special emphasis on insurance implications. In addition we hope to have ready for publication a review of automobile insurance experience with a forecast as to immediate operations in this field. Then too, the U. S. Supreme Court may come through with the eagerly awaited SEUA decision.

A. V. GRUHN, Editor and Manager
EDWIN L. POOR, Managing Editor
*L. A. FITZGERALD, Associate Editor
AMBROSE B. KELLY, Associate Editor
H. F. SWANSON, Business Manager
*Now serving in the Army of the United States.

Terms of Subscription: 25 cents per copy; $2.50 per year in the United States; $3.50 in Canada and other countries.

Copyright 1944 by American Mutual Alliance

THE PROPAGANDA MILL GRINDS AGAIN

TIME was when the mails were filled, not to say cluttered, with ridiculous pieces of propaganda against mutual insurance. Much of this came from the public relations departments of competing companies, who depended on their agents to bear the odium of having distributed the stuff. It may have been the continued advance of mutual volume which gradually discouraged the practice because it was seen to be futile. Possibly some of the wiser heads in the business had an inkling of how such material with its implications of boycott and coercion would look in 1944, and took measures to soften down the campaign. In any event the capital stock company inspired concerns like the Casualty Information Clearing House, Office of Public Information and Business Development Office were either dissolved or the scope and nature of their activities were changed. The cycle had run its course. The expensive propaganda campaigns based on misrepresentation had failed to destroy mutual competition.

In the fashion world it is said that styles return after seven years, and so it may be in the insurance world. For now comes Johnson and Higgins with a very formal and somewhat cleverly worded attack on the mutuals by way of questioning their reserve structure.

It is an interesting commentary on capital stock insurance methods to follow the development of their competitive plan, if it can be called "development." The popular cry in one quarter has been that mutuals were poor relations with no capital to tide them over emergencies, and often it was implied that their reserves were thin as paper and of small protection to the policyholder. The mutuals were not to be trusted; they had no sound financial foundation, their surpluses were inadequate; policyholders were in constant danger of ruin by assessment. The shout of "You'll be sorry!" was the parting shot to risks which decided to go "mutual". Lists of retired mutual companies, profusely padded with non-existent companies and those which had merely changed their corporate name, were widely distributed.

This line was momentarily supported by the now defunct Dauwalter formula which insulted some of the best assets of the best insurance companies of all types. It was bolstered up with fantastic figures as to proper ratio of assets and surplus to premium volume. A favorite contention was that mutuals were growing too fast—anything to hang an argument on.

From the traditional stock position declaring that the mutuals were practically always in a state of near bankruptcy, a tremendous flop over to the opposite was made. In 1941 a prominent stock official told an important Congressional committee that the surpluses of the mutuals were so great that it was extremely unlikely that they would ever be seriously impaired except possibly in the event of a catastrophe comparable to another Biblical flood.

This stock spokesman was leading the way for complete reversal of the old tactics. The mutuals which had been formerly held up as out-of-pocket and threadbare as to assets, were now said to be so rich as to be a menace to the peace and security of other companies. Moreover attacks were begun on individual mutuals. In Massachusetts a case had to be carried by a mutual company to the Supreme Court, to defend and secure judicial reiteration of the principle that a mutual has a right and duty to assemble funds at its reasonable discretion to protect the present and future interests of its policyholders. This was a purely nuisance suit, de-

liberately encouraged, so it seemed, to try to hamper a company of the highest reputation in the right conduct of its business. Over several sessions legislation was introduced to arbitrarily limit the surplus which might be built up by a mutual company, which was defeated each time in spite of relentless pressure of a stock financed lobby.

Blow hot, blow cold, capital stock insurance says the mutuals exist on a deficient financial diet—and, in the next breath, that they are swollen with money gluttony. To a student of the actualities of the argument it is plain that the stocks give not a care about real surpluses—but want to devise some means of casting doubt on mutual purposes. This is all the more evident when, except in a few inspired cases, it is never the mutual policyholder who complains. It is the capital stock company official or agent or, in this instance, the broker who weeps in his beer. And does it not seem ludicrous, all this running around in circles trying to sell insurance by pointing out phoney dangers in competitive systems, instead of exhibiting the virtues of their own companies?

• • •

BUT just to show how in capital stock insurance figures there is often a basis of deceiving error, let us take the Johnson & Higgins circular referred to and analyze it a bit. After conceding that adequate reserves must be set up and that the only way to do this is by intelligent estimates large enough to meet contingencies this piece of literature inquires how this method actually works out in the case of mutuals. The following figures are then taken from **Bests Insurance News Vol. 44, No. 6,** Page 53, dated Oct. 1, 1943, showing two schedules, one entitled, "Development of Incurred Liability Losses—Mutual Casualty Companies" and the other entitled "Development of Incurred Compensation Losses — Mutual Casualty Companies."

The first year covered in these schedules is the insurance year 1937 on which the following results are exhibited:

J. & H. then continue with their own comments:

"In other words, five years after the expiration of the insurance year 1937 in the light of subsequent developments or lack of developments it was found that the original reserve for losses on Liability Insurance was too high by $5,710,000, or about 19 per cent more than the final settlement; and on Compensation insurance was too high by $6,409,000, or about 17 per cent more than the final liability.

"The exhibit also shows the developments as of December 31, 1942 for each of the insurance years subsequent to 1937 and *in every year the same tendency to over reserve is apparent.*

"Our sole reason for emphasizing this question of claims reserves is because *it constitutes the most important factor in the determining of the premium rates* to be paid for subsequent years' insurance.

"As already stated the premium cost for each renewal is based upon the claims cost of the employer involved. The average claims cost (excluding catastrophe losses, which are treated specially) used in determination of the premium cost is the average of three or five years, as the case may be, preceding the then current year. A continuance of excessive reserves or unnecessary reserves affects the premium paid every year. A difference of $1,000 in the average claims cost results in a difference of from $1,500 to $1,600 in the premium cost.

"This is a statement of facts which are not always known to large employers of labor.

"What is said in this memorandum is not intended as any criticism of or reflection upon, the insurance companies or their operations. Admittedly the insurance business, as a whole, is conducted on a very high plane and the executives and staff of the insurance companies are intelligent and honorable men. They have no desire to advantage themselves at the cost of their policyholders. On the contrary they wish to fully discharge their full obligations; *but* insurance companies are not equipped and cannot be expected to constantly watch and protect the individual interests of all their policyholders."

In the first place may we point out that Johnson & Higgins specialize in brokering stock insurance and apparently find their commissions jeopardized by the interest of insurance buyers in the service, economy and protection offered by mutual companies.

Their interest in economy may be doubted, but beyond that, their deductions will not bear scrutiny either. They must know, if they are as efficient as they claim, that the Insurance Law of New York in Section 72 is a model statement on "Loss Or Claim Reserves" and is a safe guide to follow in general. It says:

"Except as provided in section seventy-three and as elsewhere specifically provided in this chapter, every insurer shall maintain reserves in an amount estimated in the aggregate to provide for the payment of all losses or claims incurred on or prior to the date of statement, whether reported or unreported, which are unpaid as of such date and for which such insurer may be liable, and also reserves in an amount estimated to provide for the expenses of adjustment or settlement of such claims."

This is interpreted by conservative insurance companies and by Department examiners to mean that a company should make provision for the following items in its Workmen's Compensation loss reserves.

1. Reported cases for which the company is liable and for which payments must be made in the future. These are the specific case reserves reported for experience rating purposes.

2. Estimated future medical payments for which the company is liable on reported cases. Such reserves are also reported for experience rating purposes.

3. Estimated future payments to be made on cases which have been reported and which have been closed but which are likely to be reopened in the future. Such reserves are not reported for experience rating purposes.

4. Estimated future payments on cases for which the company may be liable and cases which have not yet been reported. Such reserves are not reported for experience rating purposes.

5. Estimated future medical payments on closed or unreported cases. Such reserves are not reported for experience rating purposes.

6. Estimated claim expenses necessary to liquidate and handle all cases which have occurred, reported or unreported. Such reserve is not reported for experience rating purposes.

7. Such further contingency reserves for catastrophe or Occupational Disease as the management feels warranted in providing for. Such reserves are not reported for experience rating purposes.

• • •

THE mutuals in general, and in fact the majority of companies, as standard practice make provision for all of these items in Schedule "P". It is the aggregate of these schedules which has been published in various insurance publications and which Johnson & Higgins now use to attempt to show that policyholders are being penalized. In one instance published elsewhere, similar to the quotation made above, a comparison was made by Johnson & Higgins between such figures for the Travelers Insurance Company without pointing out that the Travelers is one of the

(Continued on page 19)

ON LIABILITY INSURANCE

Originally Estimated Incurred Losses	Development (viz., Losses Paid plus Reserves for still open cases to 12/31/42	Indicated Equity (viz., Amount Unused of Original Estimate) 12/31/42
$36,061,000.	$30,351,000.	$5,710,000.

ON WORKMEN'S COMPENSATION INSURANCE

$44,692,000.	$38,283,000.	$6,409,000.

Post-War Business Conditions

BY MAURICE H. STANS
ALEXANDER GRANT & Co., C. P. A.

One of the best articles on post-war business conditions which has come to our attention is the work of Maurice H. Stans of the Chicago accounting firm of Alexander Grant & Company. It is recommended as essential reading for the forward-looking insurance executive.

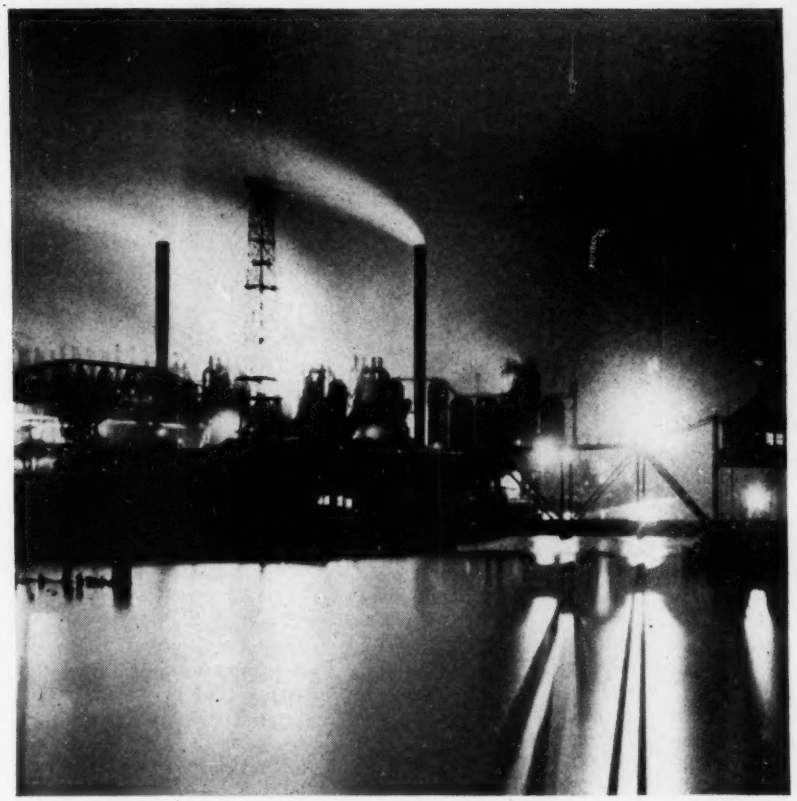

Photo by Acme
Whether the nation's industries continue to operate at peak production in the post-war world is dependent upon present careful planning.

ONE of these days there will be an armistice; fighting will end, the making of instruments of destruction will stop, armies will be demobilized, and peace and calm will again settle over the world. While the peace-makers hold their councils and plan the new reconstruction, the business and commerce of the world will proceed to convert back to peacetime products and services.

At the terrifying outset of this war, the belief was widespread that its immediate result would most certainly be an economic collapse of unprecedented proportions. As military events have turned in our favor and confidence has been recreated, the pendulum has reversed its swing and optimism has become ascendant. Some are convinced that the stage is being set for a prosperity period immediately following the war that will carry business to new and higher levels than ever before.

What is the best viewpoint today on post-war prospects? Are we to have prosperity or depression, boom or collapse? What economic climate will business have to live in? Will private initiative be encouraged or discouraged? Finally, what can the individual business do to make the most of what is ahead?

Professional and amateur economists all over the country are trying to divine the answers to these questions. While they agree on many of the basic forces which will be at work in the post-war years, they are far from agreement as to exactly what the combination and interplay of these forces will produce for business in the world as a whole, in the nation, or in a given local community.

Therefore, it is not possible for anyone today to project an authoritative trend-line for business prospects of the next ten or twenty years following the war. The only economist who has attempted to prophesy boldly is Roger Babson. In his book "Looking Ahead Fifty Years," he predicts a short period of real prosperity after the war followed by the most severe depression of all, after which "if" proper social and economic balances are attained, he believes there will be a world Utopia. Some months ago, the Brookings Institution published a pamphlet pointing out that there has been a remarkable consistency in the business trends immediately following the three great wars in which this country has been engaged. This post-war cycle consists of (1) a short period of hesitancy and preparation lasting not over six months, (2) a replacement boom of a year or more, (3) a depression or trade collapse of about a year and one-half to two years, followed finally by (4) five to eight years of sound general recovery and prosperity. This pattern occurred after the war of 1812, after the Civil War, and after the first World War. The Institution, however, is very careful to point out that there are a great many influences that will be at work following this war that have never existed before and that it is not too sure that we can rely upon exactly the same pattern after this war. Nevertheless, the same trend is expected by the Committee on Reconstruction of the Dominion of Canada, unless its government and our government stand by to prevent the depression period with a big program of public works.

In order to conjecture as to what business conditions may be like in the post-war era, it is appropriate to start with the factors, favorable and

unfavorable, that all economists recognize as fundamental. On the favorable side are these:

(1) The great technological advancements that have been made in the last few years under the stress of war's requirements.

(2) The large amount of accumulated demand for consumers' goods and certain types of capital goods.

(3) The purchasing power built up in the hands of consumers.

(4) The fact that inflationary forces have been so well restricted.

The first of these is the great increase in technical skill and capacity that the pressures of war have compressed into these last years. This is evidenced in (1) the many scientific developments and discoveries in chemical, medical, mehanical and other fields and (2) the great number of skilled technicians who have been taught and trained. The science of electronics has come of age, as evidenced by the development of radar and a wide range of affiliated devices. Synthetic rubber, high octane fuels, artificial fabrics, and light metals and alloys will be available after the war for peacetime uses. The output of aluminum is now approximately ten times that of 1939. The production of magnesium (as the result of the process of refining from sea water) is more than 100 times that of 1939. Refrigeration and dehydration have both been perfected for food preservation. Plastics have found unnumbered uses. Medicine has advanced immeasurably in the development of the sulfa drugs, penicillin, antimalarials, and many others. The potentials of air transportation are almost limitless; the 330 transport planes owned by all the airlines in the country at the beginning of the war are infinitesimal compared with the 123,000 planes that have been built since then or with the present monthly productive capacity of over 7,000 planes. The unfilled pre-war promises of television and frequency modulation radio are ready to become a common reality. For all these, skilled workers in every phase of production technique will be available to build more and better things.

The second favorable element is the large dammed-up demand for consumers' goods that will burst into flood upon the arrival of peace. Furniture, radios, refrigerators, stoves, automobiles, and all classes of durable goods that have been almost entirely off the market in recent years will be needed; mere depreciation will require millions of replacements and technical improvements will render obsolete most of the rest of the units now in use. Non-durable goods as well will be required in immense quantities, to clothe 10,000,000 demobilized service men and to renew the wardrobes, satiate the appetites and contribute to the pleasures of everyone. An accumulated deficiency in housing which has been growing since the crash at the end of the 1920's still remains.

The third favorable factor is the buying power which will be in the hands of the public to satisfy these desires. The high national income of the war period has created many billions in savings which now rest in bank deposits and in government bonds. The United States Department of Commerce estimates that the accumulated savings of individuals since the beginning of 1940 will amount to 100 billion dollars by the end of 1943. More billions of dollars will be available in post-war refunds of taxes, especially if a compulsory savings plan is enacted. Demobilization pay and other benefits to service men will provide them with initial post-war spending power. The railroads have the funds to buy new, fast and modern rolling stock, and they and the utilities have accumulated reserves in cash to provide for billions of dollars of deferred ordinary maintenance and repair work.

The fourth main factor on the favorable side is that the forces of inflation have been fairly well curbed. The wholesale price index has risen only 30 per cent since the outbreak of this war whereas in the comparable period of the last war it advanced more than 80 per cent. Even assuming that the post-war period would normally require some ultimate readjustment, it is evident that it should not be comparable in seriousness with the deflationary collapse of 1921.

Against these and other favorable influences in the post-war period will be balanced some imposing counter forces. Some of them are unsolved problems inherited from the major depression of 1932, which may have been partly obscured or forgotten during the booming trade of the war period but which will be back to plague us. These are:

(1) The fundamental failure of our economic society to provide a permanent balance between production, consumption and distribution—as evidenced by the unemployment problem and the problem of the ill-clothed, ill-fed and ill-housed.

(2) The trend toward concentration of industrial wealth and power, in which mass production by large efficient units has been gradually eliminating the small business.

(3) The burden of a large national debt and a large governmental organization, in the face of an unbalanced budget and an uncontrollable national income.

(4) The struggle between capital and labor, which for years has been tending toward a greater share for labor and a lesser return, with more restraint, for capital.

(5) Finally, the immediate difficulties in reconversion of the country generally to peacetime needs, considering the time required, the excess productive facilities and the excess labor supply available.

In the maelstrom of the war's activity, it is easy to lose perspective and to overlook the fact that there has been no solution to the fundamental unemployment problem, or to the failure of our economic system to provide a better distribution of the fruits of production, or to our inability to balance the national finances. Nor has there been an answer for the difficulties of the small business in competing with the large well-financed, efficient mass-producing enterprises; on the contrary, the war has occasioned an even greater concentration of productive capacity, financial power and competitive advantage in the large corporations.

In addition to these carry-overs, an immediate unfavorable aspect in the post-war situation will be the problem of reconversion and readaptation of the instruments of production. The cost will be great and there will be a gap period in re-tooling and other preliminaries in which employment will be unsteady. The reinstatement of from 8 to 11 million men from the armed forces into their old jobs will cause many dislocations.

• • •

IN trying to formulate a conclusion on balance from this combination of circumstances, it is necessary also to consider some of the inevitable variables that may develop. The first, of course, is the length of the war; a long war would most certainly magnify the effect of most of the favorable and unfavorable factors but might not necessarily change the ultimate trend. Next, the area of economic influence has been so greatly enlarged that political events in China or social revolution in India may have their indirect and serious effect upon conditions which govern the volume of trading in our home communities. Also, business conditions are subject to a sort of "mob psychology" that sometimes causes relatively minor forces to be temporarily magnified in effect because they come momentarily to the fore and start a stampede in one direction or another. The heights and depths

(Continued on page 20)

Developments in Insurance Education

Insurance Has Reached the Point Where the Importance of Specialized Education in the Business is Recognized

BY PAUL H. WILLIAMS

EVEN the war, with its tremendous drain on youthful insurance man power, has not checked the interest in or progress of what insurance men have been calling "educational movement" for the past five or six years. And, whether we hail it as a great—perhaps the final—step toward raising insurance to a professional status or sneer at it as just another popular fancy, useful only to fill convention programs, publicize various individuals in groups or perhaps promote the sale of some commercial products and make a few jobs, no one who surveys the picture can deny that it is far easier for an insurance man or woman, experienced or novice, to obtain instruction in insurance than it was say twenty years ago.

As is the case with every business or every field in which knowledge may be desired, it was never impossible for an ambitious person to acquire a good knowledge of insurance and there were always insurance men who had a thorough or superior knowledge. The point about the so-called "educational movement" is not that insurance education has become possible but rather that it is far more readily available and its importance is far more generally recognized than was true previously.

Trying to find causes for this condition is very much like trying to decide whether the chicken or the egg came first, since anyone seeking to analyze the problem quickly finds himself baffled at distinguishing causes from effects. State laws for the licensing of agents, brokers, solicitors, field men, adjusters and other insurance men have certainly induced many persons to seek at least a minimum insurance knowledge which they would not have had otherwise. Significant is the report of one insurance department a year after the examination law went into effect in its state. The result of the examinations was that only about 1% failed, but the number of persons applying for licenses was less than half the previous year's total. Thus, many persons who would otherwise have applied for licenses were obviously scared off at the thought of passing an examination. Those who tried and succeeded may not have known any more about insurance than they would have in the absence of an examination, but it is inescapable that the average knowledge of new licensees was much greater than before and in all probability at least some of the successful applicants acquired some insurance knowledge through enforced study for the examination.

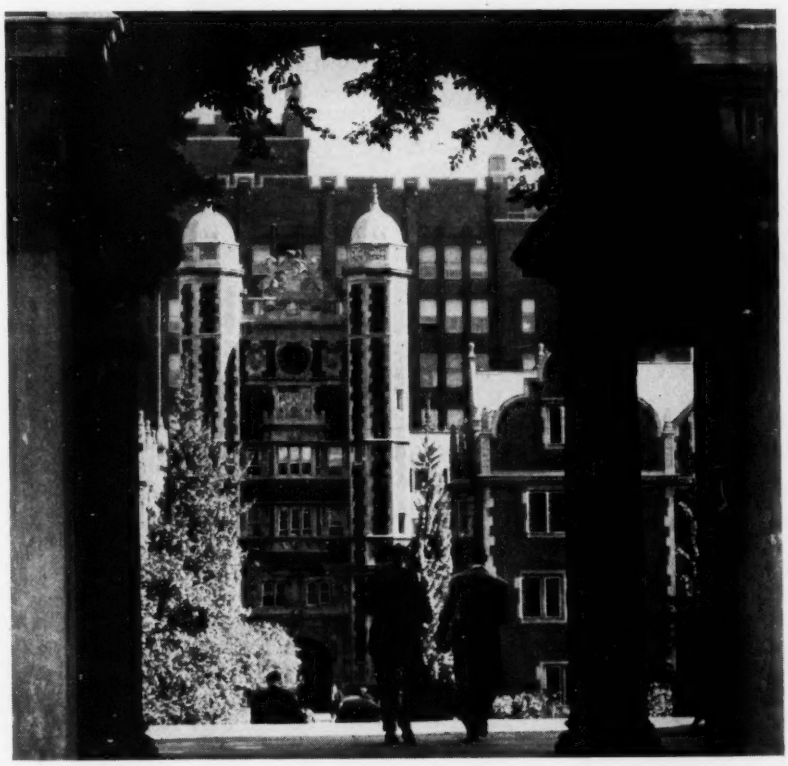

Photo by Harold M. Lambert

Colleges offering courses in insurance are usually faced with the problem of getting enough students whose needs are similar to offer a sufficiently thorough course in any one phase of insurance.

But, says the person on the other side of the fence, state licensing laws and state examinations are an effect, not a cause. The state, as an abstract entity, did not suddenly decide that insurance men should be educated. Practically all the pressure for licensing laws and examinations came from insurance men themselves. Some of them may have been moved by a sincere desire to improve the general level of the business; while others thought mainly to cut down the number of competitors. But, whatever their motives, insurance men are responsible for these laws and thus, the laws were caused, more or less indirectly, by the educational movement.

Similar arguments could go on indefinitely about such alleged causes as better informed competitors, pressure from buyers of insurance and the like. Perhaps it would be just as well to avoid any such pointless arguments by falling back upon the safer ground that insurance has followed the course of many other businesses and professions embracing a large number of people and dealing with complicated technical and trade situations. It has reached the stage where its rank and file, encouraged and prompted by its leaders, recognize the importance of education in the business and education is readily accessible. It may be secured both strictly within the business, and, with

the cooperation of the business, from outside sources.

It is unquestionably true that the life insurance business appreciated and pushed education, at least more generally, before the fire and casualty insurance business. It has been argued that life insurance education, or at least the majority of its educational institutions, are concerned primarily with salesmanship rather than technical knowledge. However, life insurance men learned what fire and casualty men later learned — that there are not enough "born" salesmen who can sell anything without knowing much about it to support a large business. Life insurance contracts have their own complexities, although after all there are not many different policies, and, beyond this, life insurance cannot be sold without a knowledge of the needs, economic situations and other factors which influence the lives of its clientele. The fire and casualty business, with its infinitely greater number of complicated and technical policies, presented an even more challenging field for education. Speaking roughly, education in the fire and casualty field has taken about the same shape as in the life insurance field — courses in schools and colleges, trade publications, courses conducted or sponsored by insurance companies, both by mail and personal attendance, educational work sponsored by agents' associations and institutes under joint auspices. Each of these vehicles has contributed much to the whole picture and each has filled needs which probably could not be met by others.

The college offering courses in insurance is usually faced with the problem of getting enough students whose needs are similar to offer a sufficiently thorough course in any one phase of insurance. Nearly every large university has at least one "survey" course in insurance. This course is usually an elective in the business or commerce school and is of necessity very general. In most such courses, life insurance takes the majority of the students' time and attention. The instructor usually has other duties, either teaching or administrative. No honest college professor maintains that such a "survey" course will ever turn out a finished insurance man, but many leaders in the insurance teaching field maintain that the average university should not try to offer much more than this, unless there is some local situation which will provide them with a group of more specialized students. Their position is that the university is not a trade school and that it has done its part in that it gives a student, who may or may not later engage in the insurance business, a general picture of what the business is all about and where it fits into the economic world. More specialized knowledge, if desired, these professors maintain, should be provided by the business itself or by one of a few universities able to maintain a larger and well specialized insurance department. There have been many interesting discussions of this problem at meetings of the American Association of University Teachers of Insurance.

Many of the universities offering these "survey" courses have cooperated admirably with insurance groups in short course schools for men in the business, which will be mentioned later in this article.

Although usually classed as college courses in insurance, those offered by business schools or extension branches of universities are an altogether different matter. Located in large cities and usually offering the courses at night, many of these institutions have conducted classes for many years, frequently with an insurance man as instructor. These courses are generally described in catalogues as "practical" and are far more specialized than the "survey" courses. The school is usually faced with the double problem of getting a competent instructor or instructors and a suitable student body. It is not easy to find a man who combines sufficient academic degrees to satisfy college requirements, sufficient knowledge of insurance, the ability and personality to teach, the time to do it and the willingness to devote this time to an activity for which he can never be paid very much. Even though the subject matter of the course is clearly determined, there is bound to be considerable disparity in the background, ability, age, ambitions and available study time of the students. Despite these obvious handicaps, many of these classes have produced excellent results and in some cases have been under way for many years. They often have the sponsorship of some local insurance association, although this sponsorship consists mainly of urging the members to help secure students. Tuition fees are seldom high and many an insurance man is glad to pay all or part of the fee for a promising and ambitious employe.

• • •

CORRESPONDENCE courses are also offered by the extension divisions of many universities. Particularly with state universities, these courses received an impetus from state examination requirements, the university being compelled to provide citizens of the state with an opportunity to secure the knowledge needed to pass a state required examination.

Photo by Harold M. Lambert

Insurance salesmen need careful training in order to fully understand the many complexities of their client's problems.

The educational work of trade publications naturally runs up and down the scale, all the way from an occasional report or reprint of a speech or paper to scholarly articles, highly technical services, text books and well conducted correspondence courses. Being an exceptionally close-knit business group—particularly for such a large group—speaking largely in its own language, the insurance business has a very large trade press and hence the insurance man or woman can get almost anything he wants from one or the other publishers. At least one well-known technical publication is used extensively in many educational courses.

Several general book publishing houses offer insurance text books, although every person who has tried to outline an insurance course has found it difficult to get exactly the "right" book or books. The many specialized branches of insurance, however, and the constant changes in the business make it highly improbable that "the" insurance text book will appear for a long time.

With only a few exceptions, courses sponsored by insurance companies, both for agents and their own employes, have not assumed settled proportions. They vary from bringing in a few men at a time and letting them work in various departments, with a little instruction from experienced men on the side, to well organized schools, running for a fixed period, with a curriculum as completely planned as that of any college. The few old and well established company schools have been outstandingly successful, and the companies sponsoring them feel that their not inconsiderable monetary investment has been well worth while. These schools usually run for about six weeks, have substantial home office facilities in space and equipment, one or more men permanently giving their full time to the work and the head of the school has an important position with the company. Particularly do these companies feel grateful that they resisted the temptation to abandon the schools during the difficult 1930-33 period, when other schools fell by the wayside. Since then, a number of other companies have started similar enterprises and it may be assumed that some of them will grow into permanent, successful institutions.

Companies also have sponsored correspondence courses and regional educational meetings among their agents and employes. Some of these courses have been prepared within the company and others secured from outside sources. A correspondence course always presents difficulties in getting those who start it to finish it, but a sincere student can acquire some excellent insurance knowledge by following through. Regional meetings range all the way from excellent to otherwise, as far as educational results are concerned, depending upon the caliber of the speakers and the success of the company in getting the right kind of persons to attend with the right attitude.

• • •

AMONG the cooperative educational enterprises, the Insurance Institute of America is the pioneer. Sponsored by insurance companies, the Institute has a set curriculum and standard examinations, offering diplomas and designations to those who complete the courses. The Institute works through local organizations or committees, which have the responsibility for organizing classes and supplying instructors. Classes are usually held once a week, in the late afternoon or evening, and have necessarily been confined to large cities and to a few smaller centers where one or more sizable companies are domiciled. Probably the main difficulty with the Institute courses has been that in most cases a number of lecturers give each course—in some cases a different man each session. Unless the committee is exceptionally proficient in coordinating and coaching the instructors, this does not make for smooth instruction. In most centers, the financial set-up is such that lecturers can be paid little or nothing, so they are almost exclusively company or organization employes giving the lectures as a duty or as a favor. Under these circumstances, strict supervision of the instructors is impossible. Nevertheless, the Insurance Institute of America has turned out some excellent graduates. A student who has the persistency to take the full course acquires not only an excellent insurance knowledge but also the respect of his colleagues.

The associations of insurance agents and other producers have become potent forces in the educational movement. The average insurance convention program has changed its character almost completely in the past ten or fifteen years. There is now scarcely a convention without at least a few educational sessions, and many conventions are devoted almost entirely to this. Perhaps most significant of all, the persons attending these conventions much prefer educational sessions and, save where war conditions have interfered, almost every association draws a better attendance at meetings of this type.

The short course school, mentioned previously, has been an outstanding development of association educational work. Usually held at a state university campus (though now sometimes transferred to a large city for the sake of transportation) the usual short course school consists of intense sessions for two or three days. Those attending go from one class to another, frequently in the evening as well, and there is little or no convention "atmosphere".

Educationally, the great advantage of the short course school is that there are no distractions and students can settle down for intensive study. That insurance men like them despite all the skepticism at first is shown by the way attendance at practically every such school increased annually until the war and state after state took them up. Many of them have had to be discontinued because of the war, but there seems little reason to doubt that they will be resumed.

In nearly every case, university authorities have been highly cooperative and most anxious to encourage these schools. Nearly all state universities are deeply interested in adult education and in bringing the services of the university to the people of the state on a very broad basis. Some statistically minded cynics call this attitude a hedge against the increasing adult population and decreasing school age population (these statements were made before the current wave of war babies) but there can be no question about the desire of most state universities to sponsor and aid these courses among all large business groups. There is usually a university official in charge of this type of extension work and the professor of insurance, of course, lends his hand. Most of the actual instruction at short course schools, however, is done by insurance men secured by the committee in charge, and this is true of short course schools for other business groups.

Another and highly successful expression of the short course school was the program on fire insurance, which the American Mutual Alliance sponsored at Pittsburgh in 1940 and at Charlotte in 1941. Because of war conditions, it has not been able to repeat the program, but it is hoped it will be resumed after the war. It differed from other short course schools in that it was not sponsored by a college or held at a college campus. A large proportion of the instructors, however, were well known professors of insurance and both the

instruction and the reception of instruction were on a very high plane. When resumption is possible, an extension of the course into the casualty field would undoubtedly be in order.

The American Mutual Alliance is also offering correspondence courses in nearly all insurance lines. They have been well received and both the quality and quantity of students has been high.

The National Association of Insurance Agents approached the educational problem from a somewhat different angle. It sought to provide rather elementary courses which could be offered successfully in small or medium sized centers as well as in large cities. It thus devised the discussion course, which can be conducted with a small enrollment and has become popular and successful. It has a number of courses, totaling 100 hours in all, ranging from 20 hours on Fire insurance and allied lines to 4 hours on Agency Management.

The plan contemplates a small or medium sized group meeting at regular intervals—usually weekly—for two hour sessions. A "discussion leader"—not a lecturer or instructor—acts as monitor or guide on the subject for the session, which is set forth in close detail in the course outline. The more the members of the group take part in the discussion, the more successful is the session. The detailed nature of the discussion outlines are intended to assist both the students and the discussion leader in getting under way and also to make it possible to use different discussion leaders during a course with a minimum of difficulty.

While it is too early to pass any judgment on the National Association of Insurance Agents courses, they have been extremely popular and have been held with success in many localities where a formal school course would have been obviously impossible. There is, of course, no getting away from the human element, so getting competent discussion leaders is a perennial problem. However, it has been found that many men who could never be cajoled into appearing before a group as a lecturer have made excellent discussion leaders.

• • •

TWO other educational enterprises, which involved cooperation between insurance interests and colleges, cannot be ignored in a discussion of insurance education. For many years, Illinois Institute of Technology (formerly Armour Institute) has conducted a fire prevention engineering course which has produced many fine technical men for rating bureaus and company engineering staffs. Most of the students in these courses are provided by scholarships maintained by insurance companies and go immediately into rating, inspection or engineering work on graduation. Several alumni of this course have already climbed to high executive positions in Fire insurance companies.

During the 1920's the Fire insurance companies in New York and Chicago experimented with educating promising employes along less technical lines. Each year for several years, a group of selected high school graduates was sent to Columbia University and Northwestern University for a two year college course. The students were employed part time in different insurance offices, were paid sufficient to permit their living in the city and agreed to stay in the employ of the company for a number of years after finishing the course. The depression, which caused the companies to think they had more employes than they would ever need, caused both courses to be dropped, but the records of these alumni show that an outstanding contribution was made to insurance man power. Some of them naturally eventually went into agencies or with other companies, but a surprisingly high percentage of them remained in the insurance business and many of them have already achieved to positions of responsibility. The war put at least a temporary end to hopes that the plan would be revived, but many persons interested in insurance education feel that some such plan will eventually prove a virtual necessity.

The latest and perhaps the most ambitious development in fire and casualty education is the American Institute for Property and Casualty Underwriters. Modeled closely on the American College of Life Underwriters and similarly pushed by Dr. S. S. Huebner of the University of Pennsylvania, this institute aims at creating a professional designation for educated persons in fire and casualty insurance.

Administered by a Board of Trustees representing the insurance teaching fraternity and mutual and stock companies, agents and brokers, the American Institute does not itself sponsor or offer any courses. It sets up standards under which a person may qualify for the title of Chartered Property and Casualty Underwriter (CPCU). These standards include at least three years practical experience in the insurance business, a high school education and the passing of five examinations—two on insurance, insurance and business law, accounting and general educational background. A person desiring to take the examinations may prepare himself or herself by any of the many educational methods available. In a number of large cities, local groups, usually in cooperation with a college or university, has sponsored review courses for some or all of the examinations. The American college is moving slowly, by choice, and the war has naturally reduced the number of immediate prospects. While a relatively large number of persons took last year's examinations and most of them passed, only six men in the country took and passed all five and received the CPCU designation. Undoubtedly the number will be materially increased this year, but the American college has not encouraged applicants to try to finish the work quickly and certainly has not tried to hurry through a large number of CPCU's for publicity purposes. The future of the American college depends upon whether insurance men—and the public—can be convinced generally of the value and desirability of a professional designation. To date, an exceptionally high type of applicant has enrolled for the examination and thus there is reason to believe that the hopes of the American college may be built on a solid foundation.

PHYSICAL FITNESS PROGRAM

A physically fit home front, with men and women workers who can produce a maximum in the war effort, is the aim of a nationwide program now being put into operation by the Federal Security Agency to curb absenteeism and other handicaps resulting from physical deficiencies.

Federal Security Administrator Paul V. McNutt, in announcing a commission of thirteen outstanding Americans to carry on the program in industry, asserted that, "It is most important that all working men and women in America realize that physical fitness in industry is as vital to our cause as it is with our armed forces."

Chairman of the commission to stimulate physical fitness in industry is Dr. William P. Jacobs, president of Presbyterian College, Clinton, S. C., a longtime leader in education, public affairs and athletics.

(Continued on page 24)

INSURANCE NEWS DIGEST--FIRE AND CASUALTY

Covering Period from February 1, 1944 Through February 29, 1944

50. N.A.I.C. COMMITTEES. J. H. Graves, Commissioner of Insurance for the State of Arkansas, has been appointed chairman of two subcommittees of the Executive Committee of the National Association of Insurance Commissioners - one on Federal Legislation, the other the very important Committee on Rates and Rating Organizations. Commissioner J. M. McCormack of Tennessee, chairman of the Executive Committee, announced the appointment of Mr. Graves to the chairmanship of the two committees to fill the vacancies created by the recent death of John Sharp Williams of Mississippi.

51. FLORIDA FIRE POLICY. The 1943 New York Standard Fire Insurance Policy, it was recently announced by Insurance Commissioner J. Edwin Larson of Florida, has been approved for use in the state effective March 1, 1944. Companies have been requested to interpret all outstanding fire insurance policies in the state having an inception date prior to March 1, 1944, in respect to any loss occurring subsequent to noon, standard time, March 1, 1944, as having been written on the new form by the attachment of an endorsement to the contract. Permission to use existing stocks of fire policies on contracts written subsequent to February 29, 1944 is granted provided an endorsement is attached thereto agreeing to construe the policy subject to the provisions of the 1943 New York form. Use of the new policy becomes mandatory on January 1, 1945.

52. A.S.T.P. Alfred Manes, professor of insurance and economic research of the School of Business, Indiana University, and co-ordinator of Foreign Area Language Classes of the A.S.T.P. has been invited to give some lectures on Japanese social and private insurance by the University of Chicago Civil Affairs Training School. This school is presently engaged in educating army and naval officers in Japanese and in all matters relating to Japan. Doctor Manes, during his teaching career at Berlin University had many Japanese students, several of whom became professors of insurance at Japanese Universities and high officials in Japanese government departments having to do with insurance supervision and insurance legislation. In addition, Doctor Manes, had the opportunity of traveling in Japan and of delivering lectures at the University of Tokyo some years ago.

53. PREFERRED MUTUAL. At the annual meeting of the Preferred Mutual Fire Insurance Company held at New Berlin, New York on February 10, Otis A. Thompson of Norwich, New York was elected a director of the company to fill the unexpired term of the late Charles A. Holmes. Mr. Thompson is president of the National Bank and Trust Company of Norwich and a member of the Federal Reserve Board. The election of Norwood M. Robinson as assistant secretary for the expressed purpose of assuming the active duties of the secretary, Robert S. Hoadley, was also announced by the board. Mr. Hoadley will soon enter the armed forces.

54. FARM EXCESS OF LOSS. W. V. Burras of Flint, Michigan was elected president of the Michigan Farm Excess of Loss Association at the organization's fifth annual meeting held in Lansing on February 9. Arnold Neuchterlein of Frankenmuth, Michigan was named vice president and L. P. Dendel, Lansing, who promoted the original idea of organizing the Association, was re-elected secretary-treasurer. A question which recently arose as to the legality of this type of contract reinsurance and the authority of companies to combine in such an association for the purpose of handling reinsurance, it was announced, was very definitely settled in the affirmative by an opinion of the Michigan Attorney-General issued on January 12, 1944. The total operating expense of the Association during the six years of its existence has been $5,696.71 or less than $1,000 a year.

55. REAFFILIATION MOVE. The Ohio Association of Insurance Agents, through unanimous acceptance by the Board of Trustees of a report of the special reaffiliation committee, has taken a definite step toward rejoining the National Association of Insurance Agents.

56. MISSISSIPPI COMMISSIONER. Appointment of J. L. White as Commissioner of Insurance of Mississippi to fill the unexpired term of the late John Sharp Williams, 3rd, was announced by Governor Thomas L. Bailey on February 3. The insurance commissionership is an elective office in Mississippi and Mr. White will serve until January 1948 when the present term expires. Born in Webster County, Mississippi on June 18, 1886, Mr. White was educated in the public schools in that county, Mississippi State Teachers College and Mississippi State College. Following graduation from college he taught school in Webster County and while so engaged started his insurance career as an agent for a life insurance company. At the time of his appointment he was special agent for the Hartford Fire.

57. MILLERS NATIONAL. The naming of L. C. Gray as Chairman of the Board of the Millers National Insurance Company and the election of W. S. Whitford to the office of president vacated by the former was announced following the company's annual meeting held in Chicago on February 10. Other changes included the election of Arthur A. Krueger, formerly secretary-treasurer to the office of executive vice president and secretary, and Philip H. Postel, director and a member of the executive committee to be treasurer. Mr. Gray served as manager of the Southwestern Department of the Millers National from 1924 until 1939 when he was elected president to succeed the late H. M. Giles. Mr. Whitford the new president, joined Millers National in 1938 as second vice president in charge of underwriting, was shortly advanced to vice president and was elected executive vice president in 1942. Born in Salt Lake City, Utah in 1890 he has been associated with the insurance industry since 1910 when he launched his business career.

58. MUTUAL FIRE OF N.E. The Attleboro Mutual Fire Insurance Company of Attleboro, Massachusetts was admitted to membership in the Mutual Fire Insurance Association of New England at the organization's monthly meeting held on February 10. This is the first company to be admitted to membership in the Association since 1930 and brings to 24 the number of agency mutual fire insurance companies belonging thereto. At the same meeting a resolution was adopted supporting legislation now pending before Congress for a refund of excess war damage insurance premiums to policyholders after the war.

59. INDUSTRIAL ACCIDENTS. The result of the broadest program of industrial and public safety in 1943 that the United States has ever seen shows an estimated reduction of 16% in the industrial accident rate per man hour and a reduction in all accidents of 7%, Charles E. Hodges, president, American Mutual Liability Insurance Company told a meeting of the company's New York Advising Board on February 17. Mutual casualty companies which have expended during the year more time and money than in any

other period, Mr. Hodges pointed out, again have demonstrated the important role they play in the welfare of the nation by their continuing contribution resulting in this impressive and important accident record. Among other matters touched upon by Mr. Hodges was that of re-employment of physically substandard or injury-impaired personnel.

60. MICHIGAN FINANCIAL RESPONSIBILITY. The constitutionality of the amended Michigan Motorists Financial Responsibility law was upheld by Judge Adolph F. Marschner in a decision handed down in Wayne County Circuit Court at Detroit on February 3. In dissolving the temporary restraining order which had prevented enforcement of the law since last July, Judge Marschner held that it is not the province of the judiciary to inquire into the wisdom of the legislature's intent and that in this case the only legislative intent apparently was to look after the public safety.

61. COLD STORAGE LOCKERS. A ruling has been issued by Insurance Commissioner William P. Hodges of North Carolina amending the nation-wide definition so as to permit, under certain restrictions, insurance of customers' perishables in cold storage lockers under marine forms. Similar amendments to the nation-wide definition have also been announced by the states of Delaware and Washington.

62. N.F.P.A. George W. Elliott, past president of the National Fire Protection Association has been named by the organization's board of directors to fill the unexpired term of the late Albert T. Bell as chairman of the board. Mr. Elliott, who served as Fire Marshal of Philadelphia, director of Public Safety and more recently as secretary of the Philadelphia Chamber of Commerce, has been a member of the board of the N.F.P.A. since 1924. The executive committee of the Association announces that the annual meeting will be held May 8-11 in Philadelphia with headquarters at the Benjamin Franklin Hotel.

63. LIABILITY POLICIES. Two new low-cost policies, one a limited form and the other a broad form, have been approved by the West Virginia Insurance Department for purchase by state employees desiring liability insurance protection while driving state-owned automobiles. The forms, which were developed as a result of a meeting between casualty company representatives and the Department, were drawn up to overcome a problem which has existed for some time in view of certain statutory restrictions. Neither the state nor the departments of the state are in the position where they may purchase liability insurance on state-owned automobiles because of these restrictions.

64. NEW MEXICO FIRE POLICY. Approved for use in New Mexico effective April 1 is the 1943 New York Standard Fire Insurance Policy. Companies desiring to use up present stocks of policies may do so provided an endorsement is attached agreeing to construe the contract subject to the provisions of the 1943 form.

65. AUTO DEALERS. Insurance Commissioner Newell A. Johnson of Minnesota recently approved licensing of a large group of General Motors dealers as agents for the Motorists Insurance Company - a General Motors owned carrier. Commissioner Johnson - shortly after he assumed office - had rejected a similar request of the insurance company to license General Motors dealers as its agents. The insurance company, however, renewed its request and threatened to bring court action if the Commissioner persisted in his refusal to grant the licenses. After a careful review of the situation, tthe Department found that it had no authority to refuse the licenses under the law as it now reads.

66. RATE INVESTIGATION. A resolution calling for a complete survey and study of fire and casualty insurance rates in New York State was introduced in the New York Assembly on February 7 by Ronald M. Albee of Sullivan County. He sponsored a similar resolution at the 1943 session of the legislature. The present legislation follows closely the introduction of a bill last month by Assemblyman John P. Morrisey calling for establishment of a joint legislative committee to investigate fire insurance companies with reference to rates. The Albee resolution recommends that particular attention be paid to premiums and the ratio of premiums based on actual payment of claims or losses, the ratio to be determined on the basis of experience in the state rather than upon nation-wide statistics. A $100,000 appropriation for use by the investigating committee is proposed under the terms of the bill. The committee would sit within or without the state, holding either public or private hearings, and its recommendations would be reported to the 1945 legislature.

67. STOP-LOSS POLICIES. The issuance of stop-loss policies affording protection or indemnity on account of losses in Massachusetts under the Workmen's Compensation Act is prohibited according to a ruling of Insurance Commissioner Chas. F. J. Harrington. The Attorney-General of the state recently notified Commissioner Harrington that a stop-loss policy is void since its issuance is not authorized by the Compensation Act. Companies in the state are being queried as to whether they had any outstanding stop-loss covers on November 15, 1943 or if they have issued any since that date.

68. MUTUAL AGENTS. George D. Rattiff of Jackson, Mississippi was named by the board of directors of the National Association of Mutual Insurance Agents, meeting in New York City on February 6, to be secretary of the Association. He will fill the unexpired term of Hugh M. Murray, Jr., of Raleigh, North Carolina who is entering the armed service. It was determined by the board of directors that an annual meeting would be held again this year in New York - the time and place to be selected by a committee.

69. WAR DAMAGE. Announcement has been made that the State of Connecticut, the City of Hartford and the City of New Britain will drop their war damage insurance protection when their present coverage expires on July 1. The state and city officials' decision to drop the policies on public property resulted from the feeling that the danger of enemy bombing raids is remote - especially since the Army's action in lifting the dimout in New England. Connecticut banks, however, it is reported, will continue to require mortgage borrowers to carry this coverage, probably until Germany is knocked out of the war.

70. MISSOURI ANTI-TRUST. Completion of his anti-trust proceedings against 123 stock fire insurance companies will not be possible before he relinquishes the post of attorney-general to his successor, it is admitted by Attorney-General Roy McKittrick of Missouri. Mr. McKittrick is a candidate for the Democratic nomination for United States Senator and will oppose Senator Bennett Champ Clark in the April primaries. Taking of testimony in the case has been concluded before Special Commissioner John H. Windsor and he has set September 19 as the final date for filing briefs. Preparation of the Commissioner's report will take several months after the filing of briefs by the contestants. Mr. McKittrick's term of office expires on January 8, 1945.

71. FIRE WASTE. The annual meeting of the National Fire Waste Council will be held in Washington, D. C. April 6-7, barring unforeseen difficulties in obtaining hotel accommodations for those dates. The first day will be devoted to committee meetings while the second day will be given over to a general session. Winners in the 1943 Inter-Chamber Fire Waste Contest, in which some 600 Chambers of Commerce are participating, will be announced during the meeting.

72. CONTINENTAL CASUALTY. Election of Roy Tuchbreiter as president of the Continental Casualty Company was announced by the company's board of directors following a meeting in Chicago early in February. Mr. Tuchbreiter, heretofore vice president, succeeds M. P. Cornelius who persuaded the board to accede to his request that he be relieved of the duties of chief operating head. Mr. Cornelius was elected counsel and remains as a member of the company's executive committee. In his new position he becomes chief legal officer and as such will be responsible for the claim functions as well. Other changes include the election of R. M. Clark, former vice president and secretary, to first vice president, and George A. Smith to the post of vice president. H. A. Behrens continues as chairman of the company.

73. UTAH DEPARTMENT. Appointment of R. W. Garff as deputy commissioner to succeed R. H. Howells, who recently resigned to enter the life insurance field, has been announced by Commissioner Oscar W. Carlson of Utah.

74. COLORADO FIRE POLICY. Insurance Commissioner Luke J. Kavanaugh of Colorado has approved the 1943 New York Standard Fire Insurance Policy for use in the state, effective April 1. Permission to use up existing stocks of policies has been granted providing the necessary endorsement is attached thereto.

75. NEW ORGANIZATION. A new organization to write selected canners' risks - the Food Industries Federation of Mutual Fire Insurance Companies - has been formed by the group of companies comprising the Building Owners' Federation of Mutual Fire Insurance Companies. In active charge of the new organization to be quartered at the office of the National Retailers Mutual in Chicago will be C. H. Lindquist, for many years associated with a prominent canners underwriting organization. He will be vice president. James S. Kemper, president of National Retailers will serve as president of the Federation; John A. Arnold, vice president and treasurer of National Retailers has been elected vice president and treasurer; and F. T. Best, secretary of National Retailers, will serve as secretary of the Federation.

76. DECEASED. Luther H. Baker, president of the Michigan Millers Mutual Fire Insurance Company of Lansing, Michigan died on February 2, three days after having suffered a heart attack. He was 71 years old. In addition to his affiliation with the Michigan Millers, Mr. Baker was also president of the Michigan Shoe Dealers Mutual Fire Insurance Company, the Mill Mutual Agency of Lansing, and chairman of the Grand Rapids Merchants Mutual Fire Insurance Company. He was named president of the Michigan Millers in 1941, upon retirement from that office of his brother, A. D. Baker, and had been president of the Michigan Shoe Dealers since 1935. A native of Lansing, Mr. Baker was a son of Luther Byron Baker, the noted Civil War officer who captured Lincoln's assassin, John Wilkes Booth. After graduating from Michigan State College in East Lansing he served a few years as principal of several Michigan high schools but in 1903 he left the educational field to become associated with Michigan Millers. From 1925 to 1928 he served as Mayor of East Lansing. Mr. Baker is a former president of the Federation of Mutual Fire Insurance Companies and the Association of Mill and Elevator Mutual Insurance Companies.

77. CENTURY OLDS. Seven mutual fire insurance companies will celebrate their 100th anniversaries during 1944, raising to 70 the total number of mutual insurance companies which have passed the century mark. The carriers passing their 100th milestone this year are: Cumberland Mutual Fire Insurance Company, Bridgeton, New Jersey; Eliot and Kittery Mutual Fire Insurance Company, Kittery, Maine; Farmers Mutual Insurance Company in the County of Lancaster, Elizabethtown, Pennsylvania; Hillsboro Mutual Fire Assurance Association, Branchville, New Jersey; Mercer County Mutual Fire Insurance Company, Pennington, New Jersey; Mutual Insurance Company of Frederick County, Frederick, Maryland; Northern Mutual Insurance Company of Lancaster County, Ephrata, Pennsylvania.

78. FIRE LOSS. Fire losses in the United States during January totaled $38,572,000 - an increase of $10,839,000 or 39 per cent above the figure reported for the same month last year - according to preliminary estimates of the National Board of Fire Underwriters. January losses were however, 19 per cent lower than those reported for the preceding month.

79. NEW COMPANY. Organization of a workmen's compensation reciprocal to be known as Lansing Employers' Underwriters with headquarters at 307 Mutual Building, Lansing, Michigan has been announced. George G. MaDan, well-known insurance accountant of Lansing will serve as attorney-in-fact. The new Exchange does not expect to follow an expansionist policy but will keep its scope strictly limited. Serving on the Exchange's advisory board in addition to Mr. MaDan are E. M. Refior of the Lansing Drop Forge Company and E. H. Refior of the Lansing Machinery Company. The new carrier complied with minimum organization requirements in December and was authorized by the Michigan Department to start operations as of December 31, 1943.

80. AGENT'S LICENSING. The new plan of licensing resident agents in West Virginia as announced on January 15 has been slightly modified due to a very recent formal ruling by the Attorney-General of the state, which requires that each licensed company pay a fee of $5.00 for each resident agent with whom they have an agency contract in the state, both new and renewal. The plan as originally outlined required the agent to complete his own application and mail it direct to the Department along with a fee of $5.00. The only change in this plan necessitated by the Attorney-General's ruling is that no fee is to be collected direct from the applicant. Instead, the companies will be billed by the Department for renewal of their agents' licenses.

81. RATE REDUCTION. The Virginia Corporation Commission on February 16 ordered a reduction in fire insurance rates for Virginia which it is estimated will save policyholders approximately $355,000 during 1944. The reduction was ordered after a review of the operations of fire insurance companies in Virginia for the five years ended December 31, 1943 showed an underwriting profit in excess of what the Commission described as reasonable. Affected by the reduction are almost all classes of property including hotels, schools, churches, dwellings, certain factories and public buildings.

82. TEXAS FIRE POLICY. Notification has gone forward to all fire insurance companies licensed in Texas to hold up the printing of the new Texas Standard Fire Insurance Policy which contract was to have gone into effect on May 1. The Texas Board of Insurance Commissioners has received a request for rehearing on the new form and it is possible that this may result in some slight changes in language. The requested changes, according to the Board, will be considered and acted upon promptly. If it seems advisable the effective date of the policy may be advanced by subsequent order.

83. VERMONT FIRE POLICY. Approved by the Vermont Insurance Department, effective March 15, is the 1943 New York Standard Fire Insurance Policy. Two sections of the Vermont law - No. 6986 respecting proof of loss, and No. 6987 specifying when the loss is due and payable - must be made a part of the policy as required by statute. This may be done by stamping or by attachment of an endorsement.

84. NEW JERSEY DEPARTMENT. Eugene A. Agger, Commissioner of Insurance and Banking of New Jersey, it is reported, will not seek reappointment to the office when his term expires in spite of the fact that Governor Edge is seeking a $4,000 yearly increase in salary for the post. Commissioner Agger, also a professor in economics at Rutgers University, is reluctant to give up his educational work which he would have to do if he were reappointed, because of a recent order by the Governor that all state officials must give full time to their positions in view of increased salaries.

85. FLORIDA DEPARTMENT. State Treasurer and ex officio Insurance Commissioner, J. Edwin Larson of Florida has qualified as a candidate for re-election to that office.

86. DISABLED WORKERS. The Association of Casualty and Surety Executives has issued a "Declaration of Attitude" which gives the position of its member companies relative to the successful placement in industry of the physically handicapped with special reference to the effect on workmen's compensation insurance. Stressed in the statement are the need of accurate and more widespread facts and experience figures pertaining to the employment of disabled persons; the necessity of exercising special care in placement; and the use of vocational rehabilitation training programs.

87. BOSTON MANUFACTURERS. The Board of Directors of the Boston Manufacturers Mutual Fire Insurance Company meeting in Boston on February 16 elected M. B. Dalton to the office of treasurer of the company in addition to the post of president which he already holds. He succeeds Edward F. Robinson who retired February 1 after 49 years of service with the company, the last twenty-two years as treasurer. Otto F. Hauck, an employee of the company for the past 37 years was advanced from assistant secretary to secretary. He succeeds H. Dwight Hall who continues with the company as vice president and director. Also announced was the appointment of J. Fred Reid as assistant to the president.

88. ARKANSAS FIRE POLICY. Approved by the Arkansas Insurance Department, effective April 1, is the 1943 New York Standard Fire Insurance Policy. Companies desiring to use up existing stocks of policies and give the assured the coverage of the 1943 policy may do so by attaching the usual endorsement between April 1 and December 1.

89. HOLC - SCA. The agreement entered into between the Home Owners Loan Corporation and the Stock Company Association providing for payment of a part of the premiums collected by the SCA to the HOLC for services rendered violate the anti-rebate law of Massachusetts according to an opinion handed down on February 15 by Attorney-General Robert T. Bushnell. The opinion was issued in response to an inquiry from Edmund S. Cogswell, first deputy insurance commissioner of Massachusetts. The attorney-general, besides outlawing the payments to the HOLC by SCA, passed on several other questions raised by the insurance department. He ruled that member companies of the SCA that are not licensed in Massachusetts are not violating the non-admitted provisions of the law nor are the Massachusetts companies in the SCA violating the statute which forbids aiding in the negotiation of policies of insurance with foreign companies. In response to a final query by Deputy Cogswell as to the procedure the Commissioner might take if he found Massachusetts companies, belonging to SCA, were not offering similar contracts to its other policyholders as were being provided for the HOLC, the attorney-general replied that whether the members of the SCA deal equitably with their policyholders was a matter for determination by the insurance department. Whether the contract between SCA and the HOLC will be modified in Massachusetts so as not to violate the ruling or whether the arrangement will be permanently abandoned in the state has not yet been decided upon.

90. MICHIGAN MILLERS. Stannard L. Baker, former vice president of the Michigan Millers Mutual Fire Insurance Company of Lansing, Michigan has been elected president and a director of the company succeeding the late Luther H. Baker. Stannard L. Baker joined Michigan Millers in 1922, was elected an assistant secretary in January 1935 and a vice president in August 1940. To succeed Luther H. Baker as president and a director of the Michigan Shoe Dealers Mutual Fire Insurance Company, the board of directors of that company selected L. B. Tobey, former secretary-treasurer. Stannard L. Baker was elected a director and secretary-treasurer of the carrier.

91. INDIANA FIRE POLICY. The Indiana Insurance Department on February 25 advised all fire insurance companies operating in the state that it would accept for filing the new 1943 edition of the New York Standard Fire Insurance Policy, with reservations that the "suit" clause should read three years instead of twelve months in accordance with Indiana statutes. The Department recommends the policy for adoption as of April 1, 1944.

92. TIME EXTENSION. Five states - Idaho, Montana, Nevada, Utah, and Washington - have extended the dates on which the use of the 1943 New York Standard Fire Insurance Policy was to have become mandatory because of difficulties in getting the new policies printed. In Idaho the effective date for mandatory use of the 1943 New York form has been extended from April 1 to July 1; in Montana from March 1 to May 1; in Nevada from April 1 to July 1; in Utah from March 1 to June 1; and in Washington from April 1 to July 1.

INSURANCE NEWS INDEX—FIRE AND CASUALTY

PERIOD	INDEX NOS.
JAN. 1—31, 1944	1— 49
FEB. 1—29, 1944	50— 92

★ ★ ★ ★

AGENTS — NAIA committee chairmen 10; Illinois brokers 24; meeting date 33; licensing of auto dealers 39,65; Ohio reaffiliation 55; mutual agents 68; West Virginia licensing 80.

COMMISSIONERS — association 4,31,50; Florida 85; Kentucky 47; Maine 19; Mississippi 56; New Jersey 84; New York 38; Utah 73.

COURTS — Beaumont Insurance Exchange 2; Atlanta anti-trust 34; licensing of auto dealers 39; Oklahoma premium tax 41; licensing of State Farm Mutual 42; Michigan financial responsibility 60; Missouri anti-trust 70.

DEATHS — McCotter 17; Davis 27; Williams 45; Baker 76.

EDUCATION — Whitney fellowship 23; University of Wisconsin 36.

FEDERAL AGENCIES — 48-hour work week 5; Atlanta anti-trust 34; War Damage 14,69; A.S.T.P. 52.

FIRE LOSSES — 1943 fire loss 26; Fire Waste Contest 28; fire prevention week 35; January fire loss 78.

LEGISLATION — anti-trust 24; fire rate investigation 30,66.

MISCELLANEOUS — Century-old mutuals 77.

MUTUAL EXECUTIVES — Mutual Boiler 32; Northwestern 44; Lowell Mutual 46; Fidelity Mutual 49; Preferred Mutual 53; Michigan Farm Excess of Loss 54; Mutual Fire of N.E. 58; Boston Manufacturers 87; Michigan Millers 90; Wisconsin Mutuals 92.

NEW COMPANIES — Pilgrim Mutual 13; Food Industries Federation of Mutual Fire Insurance Companies 75; Lansing Employers' Underwriters 79.

ORGANIZATIONS — CPCU Society 1; U. S. Aviation Underwriters 3; National Council on Compensation Ins. 6; American Management Assn. 16; U. S. Chamber of Commerce 18,21,48; National Safety Council 22; Employers Casualty 25; Millers National 57; NFPA 62; Fire Waste Council 71; Continental Casualty 72; Assn. of Casualty and Surety Executives 86.

POLICY FORMS — New Hampshire fire policy 7; Alabama fire policy 9; aircraft hull 11; Tennessee fire policy 15; Iowa fire policy 20; Texas fire policy 29,82; Georgia fire policy 40; South Carolina fire policy 43; Florida fire policy 51; liability policies 63; New Mexico fire policy 64; Colorado fire policy 74; Vermont fire policy 83; Arkansas fire policy 88; Indiana fire policy 91; Time extension 93.

RATES — W.C. graded expense 8; fire rate investigation 30,66; Virginia fire 81.

SOCIAL SECURITY — U. S. Chamber conference 18.

STATE RULINGS — Ohio retaliatory opinion 37; cold storage lockers 61; stop-loss policies 67; Massachusetts HOLC — SCA 89.

TRAFFIC — Indiana safety responsibility law 12; Michigan financial responsibility 60.

WAR DAMAGE — payment of claims 14; cancellation of coverage 69.

WORKMEN'S COMPENSATION — industrial accidents 59; stop-loss policies 67; disabled workers 86.

ANNUAL CONFLAGRATION MAP of the National Fire Protection Association
Big Fires of 1943
Fires which from the best estimates of loss available exceed one-quarter million dollars each.

Large Increase in Big Fires of 1943

AS was to be expected in a year which saw the nation's fire losses rise to the highest point in the last decade, the number of large loss fires was up appreciably in 1943. According to the authoritative annual listing just made public by the National Fire Protection Association, from which this information is taken by permission, there were during 1943 in the United States and Canada a total of 105 fires each of which resulted in a loss of $250,000 or more, all except nine of them in the United States. This is an increase of 25 such fires over the reported 1942 total, and is 55 fires greater than the average for the past five years. In these fires 103 lives were lost, as against 512 lives lost in the big fires of 1942. In the latter year loss of life was abnormally larger, however, due to the Cocoanut Grove holocaust which accounted for 490 fatalities.

The most disastrous fire of 1943, from a monetary viewpoint, was that which struck the Yale Cold Storage Corporation, New Haven, Connecticut on September 24. The damage to the building itself was relatively slight, but fire, smoke and water damage to furs stored therein was severe, amounting to more than three million dollars. This disaster was but one of fifteen 1943 fires which resulted in damage of more than one million dollars.

The other fourteen, ranked in order of estimated damage, were: a winery conflagration at Calgro, California; the Albers Bros. Milling Co. fire at Oakland, California; the Congoleum-Nairn Co., linoleum plant conflagration at Kearny, New Jersey; a series of forest and brush fires in Southern California; the Canadian ordnance workshop fire at Camp Borden, Ontario; a flour mill and elevator conflagration at Saginaw, Texas; a soybean oil mill fire at Cairo, Illinois; a group fire at Marion, Virginia; a gasholder explosion and fire in Chicago; a sardine cannery conflagration at Los Angeles; an Army internment camp conflagration at Colorado Springs, Colorado; a warehouse fire at Moorpark, California; a Canadian Naval base fire near Sydney, Nova Scotia; and a conflagration at Wildwood, New Jersey.

The locations of the one hundred and five major fires of 1943 are shown on the conflagration map printed on this page.

Warehouses were involved in a larger number of fires causing damage in excess of $250,000 than were any other types of structures, a total of sixteen of them having burned. Warehouses likewise had the worst record in 1942. There were eleven major fires in metal-working plants, Army and Navy properties and group fires were responsible for nine each, while miscellaneous manufacturing and multiple occupancies each accounted for seven of the large losses. Five fires involved chemical plants. Cottonseed and soybean oil mills, flour and feed mills, and rubber manufacturing plants, each accounted for three large blazes. Department stores, fertilizer plants, gasometers, railroad property, wineries, and woodworking plants were responsible for two each. The other twenty were: an apartment house; a cannery; a chicken hatchery; a coal mine; a conflagration; a forest fire; a garage; a grain elevator; a hotel; a laundry; a meat packer; an oil refinery; a paper mill; a sawmill; a school; a shipyard; a textile plant; a theater; and a yacht yard.

The National Fire Protection Association analysis of the reasons for the large losses in the listed fires reveals that in each instance a combination of several factors was responsible. These are given in the following table:

Reasons for Large Loss Fires

	No. Times Contributing
Structural Factors	
Inferior construction, excessive areas, etc.	67
Lack of sufficient exposure protection	20
Unprotected vertical openings	22
Occupancy Factors	
Highly flammable contents, excessive amounts of burnable stock	40
Flammable liquids and gases	22
Unsafe heating equipment	2
Contents of unusually high value	4
Fire Protection	
Lack of adequate private protection	79
Lack of fire doors or cut-offs between sections	22
Fire doors blocked open or otherwise inoperative	4
Lack of adequate public fire protection	12
Sprinkler system shut off	4
Sprinkler piping obstructed	1
Gravity tank frozen	1
Fire Fighting	
Fire difficult of access	15
Poor fire fighting	4
Fire department inadequately manned or equipped	8
Inexperience in fighting fires of such magnitude	5
Fire department delayed	4
Delays in Giving Alarm	
Headway of fire when discovered	33
Efforts made to extinguish without giving alarm	6
Watchman became confused	3
Water Supplies	
Inadequate water supply	22
Shortage of hydrants	10
Lack of approaches to static water supply, such as river, pond, etc.	1
Failure of fire pump	1

	No. Times Contributing
Weather Conditions	
Strong wind	6
Low humidity	1
Extreme cold	5
Explosions	17

• • •

BECAUSE of the large loss to contents and the relatively slight damage to the building itself, the Yale Cold Storage Corporation loss at New Haven, Connecticut has received considerable study by those interested in fire protection. Perhaps the best detailed story of the fire has come from the International Association of Fire Chiefs which issued the following report:

"The building was unsprinklered, 47 by 34 feet in area, 3 stories and basement in height, with 12-inch brick walls and reinforced concrete floors and roof. The floors, however, had openings through them for circulation of air from floor to floor, and these openings, together with the air duct system which passed through the floors without proper protection, made the storage rooms on the four floors all subject to one fire, even though the stairway and elevator were enclosed. The building had no windows in the cold storage portions.

"The compressor of the ammonia refrigerating system was in the basement; the cooling coils and air circulating fan were on the first floor. A duct system carried cold air to each of the four floors where it was discharged through outlets near the ceiling. Grilled openings about 2 by 3 feet in size had been provided through each floor to allow recirculation of air.

"A switch near the entrance was available for shutting off the fan, but there was no automatic control to shut off the fan in case of fire. The main vertical duct was not enclosed and there were no fire dampers in the duct system.

"The fire was discovered about 6:45 a.m. by a passerby who detected smoke and turned in an alarm on a nearby fire alarm box. The fire department on arrival was confronted with a heavy vault type door on the only entrance, which was set with a time lock. Central station burglar alarm protection was provided and a runner soon came to open the door, but even then firemen were unable to enter the building to locate the seat of the fire because of the dense smoke and the way in which garments were packed in from floor to ceiling and from wall to wall with practically no aisle space.

"In order to attack the fire, firemen cut a hole through the exterior brick wall on the second floor on one side, another on the first floor at the rear, also one through the roof. Hose streams were directed through these openings. Several fire companies worked from 24 to 36 hours before the fire was completely extinguished. Nine firemen required hospital treatment for smoke exposure.

"The fire apparently started among the garments on the first floor and probably had been burning for several hours when it was discovered. The fire spread slowly due partly to the tightness of the building, but was carried to both the second and third floors through the air circulating ducts and the grilled floor openings.

"The fire is thought to have started from an electric light bulb left in contact with a fur garment. Ceiling lights were protected by heavy metal guards; there were also extension lights with cords reaching to the floor, and whereas these were equipped with wire guards many were found bent sufficiently to permit contact between the bulb and the tightly packed garments. Each electrical circuit was controlled from a switch with pilot light in the stair tower, but it is not certain that these switches were turned off.

". . . The reported value of garments in the building was four million dollars. Damage to garments by fire was greatest on the first floor, less on the second, still less on the third, and none in the basement. Water damage was considerable on all floors, especially in the basement. There was no fire damage to the building, but water damaged the 8-inch cork insulation on the building walls; building damage estimated at $4,000."

Photo by Acme

The largest fire loss of 1943 was to the contents of the fire-resistive Yale Cold Storage Corporation warehouse at New Haven, Connecticut on September 24. In spite of the large contents loss damage to the building was estimated at only $4000.

• • •

A LIST of the major fires of 1943, in the United States and Canada, with brief details of each as assembled by the staff of the National Fire Protection Association follows:

November 14, Calgro, Calif.
Winery.
Loss: $2,225,000.

This fire, cause unknown, involved the main winery building, which was of adobe and concrete, with wood roof and a battery of eight reinforced concrete wine tanks. The fire originated in the vicinity of the office and spread rapidly through open fire doors and over unparapeted division walls. There was no city fire protection and private protection consisted of a weak water supply with fair distribution of hydrants and hose. Fifteen minutes after the watchman discovered the fire a 200 g.p.m. pumper responded from a nearby community and they were followed by two pumpers from other villages. Destruction of wood tanks in the winery building was complete and there was heavy loss of wine.

February 28, Oakland, Calif.
Albers Bros. Milling Co.
Loss: $2,098,691.

Fire of unknown origin started in the warehouse 840 feet long by 165 feet wide of a waterfront grain mill. Flames spread rapidly through the entire plant fed by accumulations of grain dust. Unprotected vertical openings and blocked fire doors were contributing factors to the quick spread of the fire. Wire glass windows melted from the heat. Oakland fire department was hindered in reaching the scene by sightseers blocking the only road to the plant. City water sup-

ply was also inadequate for this conflagration, only two hydrants connected to an eight-inch dead end main being available. Loss of $2,098,691 does not include loss due to interruption of operations.

August 19, Kearny, N. J.
Linoleum Plant.
Loss: $2,000,000.

An explosion of solvent vapors killed twelve employees and demolished a part of the Congoleum-Nairn Co. plant. Three cells designed for linoleum drying were being used by a tenant concern for the drying of camouflage materials for the Army. The ventilation was apparently not sufficient to remove naphtha solvent vapors and no adequate explosion relief facilities were provided. Several adjoining sections were destroyed. Automatic sprinkler piping in the immediate area of the explosion was disrupted by the force of the explosion, but the sprinklers helped in preventing spread of fire.

November 6, Southern California.
Forest and Brush Fires.
Loss: $2,000,000.

A series of about five major and seventy-five minor forest and brush fires swept over some 150,000 acres of Southern California, burning for several days. As many as 200 homes, both large and small, were destroyed. The loss given above is only estimated and it is quite likely that the actual loss may be much greater.

November 6, Camp Borden, Ont.
Army Property.
Loss: $2,000,000.

Fire destroyed this Canadian ordnance workshop with a loss estimated at from $2,000,000 to $5,000,000. This large loss may presumably be explained by a large amount of valuable equipment housed in a large building of combustible construction lacking adequate fire protection, but no details have been released by the Canadian military authorities, and no information is available through usual channels, as no municipal fire department was called, and there is no report that any insurance was involved.

February 23, Saginaw, Texas.
Flour Mill and Elevator.
Loss: $1,930,603.

A severe dust explosion, occurring in the vicinity of the unloading shed, demolished several mill buildings of the Burrus Mill and Elevator Co. Resulting fires ignited the wood roof of a warehouse which collapsed on top of the stored grain, breaking off the water supply line to the partial sprinkler system, which had been installed only to protect part of the property because the structures were largely "fireproof." Fire on the roof was inaccessible for fire fighting because first explosion had blown away the ladder and lift. Inadequate ventilation of a hazardous dusty area was the probable cause.

March 31, Cairo, Ill.
Soy Bean Oil Mill.
Loss: $1,650,000.

The Cairo Meal and Cake Co., a cottonseed oil and soy bean oil mill and a warehouse containing U. S. Government owned wool and peas was destroyed by fire of unknown origin. Fire spread rapidly over the lint-coated structural members of the old frame building and an obsolete sprinkler system proved ineffective, probably due to failure of the fire pump. Responding to a delayed alarm fire apparatus became stuck in the mud near the plant and caused a thirty minute delay in getting hose streams on the fire.

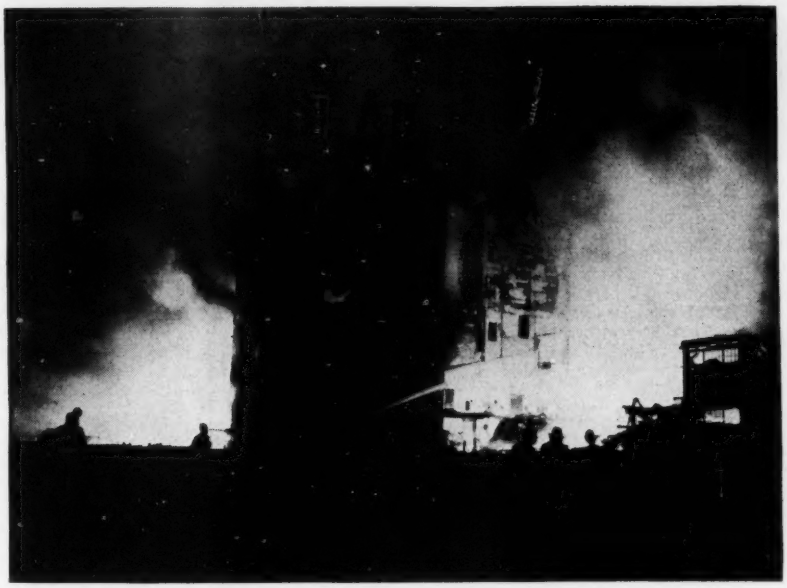

Photo by Acme
Fire of undetermined origin destroyed this 840-foot long warehouse of the Albers Bros. Milling Company in Oakland, California on February 28, 1943 with a loss of over two million dollars.

January 27, Marion, Va.
Group Fire.
Loss: $1,250,000.

A large woodworking plant engaged in filling orders for airplane parts, a church and several dwellings were destroyed by fire which started in the main finishing area on the second floor of a brick building. Flammable liquids, lacquers, cotton cloth, rubber cement, and other highly flammable materials were present. The highly combustible contents, extreme congestion, and large area of the room of origin caused a great many sprinklers to operate and the single source of water supply from city mains did not furnish sufficient water for the sprinkler system, which was not designed for such a high hazard occupancy.

May 20, Chicago, Ill.
Gas Holder.
Loss: $1,225,000.

On a rainy, foggy morning when visibility was low, a four-motor bombing plane, attempting to land at the Chicago Municipal Airport, crashed into an all-metal gas holder located about a mile and a half southeast of the airport. All twelve occupants of the plane were killed in the explosion. The wrecked gas holder, reportedly the world's largest, was of the floating piston type, approximately 485 feet in height and 300 feet in diameter. At the time of the crash it contained about 18,000,000 cubic feet of gas. Firemen had to stretch long lines of hose from distant hydrants to extinguish the fire.

January 2, Los Angeles, Calif.
Canneries.
Loss: $1,000,000.

Fire starting in a pile of fish meal, probably due to spontaneous heating, destroyed two sardine canning plants in San Pedro working almost exclusively on government orders. Quantities of flammable fish oil and the old wooden construction of the two canneries were contributing factors in the rapid spread of the flames. Thirty thousand cases of packed sardines for delivery on military contracts were destroyed. Loss estimated at from $700,000 to $1,000,000.

January 21, Colorado Springs, Colo.
Army Property.
Loss: $1,000,000.

Fire of unreported cause destroyed twenty-five barracks buildings at an internment camp. The barracks were unoccupied and no one was injured. According to a newspaper account, one of the buildings was blown by high winds against a second structure, an overturned stove starting a blaze that spread throughout the camp.

October 2, Moorpark, Calif.
Warehouse.
Loss: $1,000,000.

Fire of uncertain origin resulted in the total destruction of a frame warehouse containing some 4,000 tons of grain and dried fruits and vegetables. There were unconfirmed reports that the fire started when a gasoline engine used in piling the stock burst into flames. The flames spread rapidly over the burlap sacks and the fire was beyond control before the fire department could put hose streams into action. No automatic sprinklers.

October 11, near Sydney, Nova Scotia.
Naval Base.
Loss: $1,000,000.

A long plank and pile jerry, part of a new Canadian Naval establishment, was destroyed and three vessels were damaged by a fire which spread unchecked underneath the jetty, feeding on floating oil and creosoted timbers. According to news accounts, the fire started during welding operations which were being carried on aboard one of the

vessels moored to the jetty. It is obvious from the reported behavior of the fire that there were no fire breaks or other fire protection facilities underneath the jetty.

December 25, Wildwood, N. J.
Conflagration.
Loss: $1,000,000.

Twenty-eight mercantile properties, two hotels and several dwellings were destroyed early on Christmas morning in a conflagration which also took two lives. The fire is believed to have been due to a faulty gas heater in the watchmen's room on a pier which supported a number of the properties destroyed. A strong wind was blowing off the ocean, fanning the flames and driving them shoreward through one frame structure after another.

September 4, Bellefontaine, Ohio.
N. Y. C. R. R. Roundhouse.
Loss: $900,000.

Sparks from an acetylene torch ignited creosoted wooden interior construction, resulting in a quick-spreading blaze which totally destroyed a newly constructed section of a railroad roundhouse, extended to a machine shop, and damaged twenty-three locomotives. No automatic sprinkler protection was provided. A fire wall saved one section of the roundhouse.

November 6, Graceville, Fla.
Peanut Warehouse.
Loss: $800,000.

Fire of undetermined origin occurred in a large frame peanut storage warehouse of the Greenwood Products Co., spread rapidly to the detached five-story frame peanut shelling plant, and destroyed both buildings and their contents. Salvage from the 4,958 tons of unshelled peanuts was considerable. Seven freight cars, two of them loaded with shelled peanuts, were also destroyed or severely damaged. The plant was built early in 1942 and was entirely of frame construction without automatic sprinkler protection. The fire started at the top of the penthouse containing two elevator heads and spread throughout the length of the monitor.

February 25, Rockland, Maine.
Shipyard.
Loss: $750,000.

Fire of unknown origin completely destroyed one of the major building units of the Snow Shipyards, Inc., engaged in the construction of auxiliary vessels for the U. S. Navy. Fire damage resulted in serious production delay. Plant consists of a large number of buildings entirely of frame construction occupying an area of about eight acres. Entire plant is one fire area and almost entirely without private fire protection facilities.

May 30, Seattle, Wash.
Group Fire.
Loss: $682,000.

Three war plants were destroyed by fire caused by the faulty operation of an oil stove used by a watchman of the Nettleton Baldwin Construction Co. A watchman ran to get private hose to fight the blaze, but found the hose disconnected. He did not know the location of the nearest fire alarm box, which was only twenty-five feet from the plant. The watchman was fatally burned. The first alarm received by the fire department was telephoned by a woman who saw the flames.

October 12, Pittsburgh, Pa.
Paper Box Factory.
Loss: $650,000.

This plant consisted of the F. J. Kress Box Co. sprinklered manufacturing building and unsprinklered warehouse sections, separated by a fire wall. The fire started in a pile of balls of twine in a corner of the unsprinklered warehouse section and spread to rolls of paper despite the efforts of an empoyee with an extinguisher. The fire department was promptly summoned, but they could not prevent complete involvement of the warehouse section, although they did good work in saving several severely exposed structures. At the height of the fire there were as many as 62 hose streams in use, and several fire companies had to remain at the scene for three days.

May 24, Galveston, Texas.
Cotton Warehouse.
Loss: $635,000.

Fire caused by lightning destroyed two sections of a cotton warehouse of the Cotton Concentration Co. Priorities could not be obtained for outside protection or sprinkler equipment for this warehouse, which was built in 1942; other previously constructed buildings were sprinklered. No lightning rods were installed. Watchman discovered fire and turned in the alarm over the central station system, but he became trapped and was burned to death.

February 13, Dawson Creek, B. C.
Business Block.
Loss: $600,000.

Fire of unknown origin broke out in a construction company garage and had been practically brought under control by Army and town fire fighters when a terrific dynamite explosion occurred, killing five persons and injuring many others. Fire department equipment was temporarily put out of commission by the blast, which threw burning débris over six business blocks. A high wind also aided in spreading the flames. With the help of a bucket brigade the fire was finally brought under control.

December 25, Dallas, Texas.
Cotton Warehouse.
Loss: $600,000.

Fifty-five hundred bales of cotton were destroyed in a fire which swept through a section of a cotton warehouse.

September 9, Rockdale, Ohio.
Paper Mill.
Loss: $587,000.

Fire destroyed a brick-joist and frame mill, which was almost entirely engaged in filling Army and Navy orders for asbestos paper. The plant was located about six miles north of Hamilton, outside the area served by any public fire department and lacked any water supply suitable for fire fighting. Because of legal restrictions the Hamilton and Middletown fire departments were unable to respond when called. A high wind caused the flames to spread rapidly and by the time other small departments reached the scene the fire was beyond control by their limited facilities.

January 14, East Sidney, Ohio.
Machine Shop.
Loss: $576,877.

An old brick-joisted building, 40 ft. wide and 525 ft. long, formerly a meat packing house, was occupied by the Copeland Refrigerator Corp. as a plant for the manufacture of airplane carburetors.

Employees complained of excessive heat about noon, and shortly after 1 p.m. fire was discovered in an unoccupied attic space. The Sidney fire department responded with one pumper and two men (the entire fire department personnel on active duty at the time), but returned without doing any fire fighting, as the officer in charge stated that there was not sufficient hose to reach the nearest hydrant 1,800 ft. away, that the ramp to the river was unsuitable for use, and that the pumper had no hard suction hose. Employees fought the fire with a garden hose, trying to stop it at a brick wall (not a fire wall). This effort was successful for a time, but after two hours or so the water supply for the garden hose failed due to a broken pipe and the entire plant was practically a total loss except for the salvage value of some of the machines owned by the Defense Plant Corporation (U. S. Government agency).

February 18, Seattle, Washington.
Packing Plant.
Loss: $560,000.

A Boeing test bomber hit a high tension wire and crashed into the fourth floor of a frame building of the Frye Packing Co. A terrific explosion occurred and the building was heavily damaged by the resulting fire. Eleven occupants of the bomber and eighteen employees of the packing plant were burned to death. Later, while firemen were overhauling the ruins, escaping refrigerant gases caused the death of a fireman. Plant fire brigade and Coast Guard aided the fire department in bringing the flames under control.

February 26, Delaware Township, N. J.
Bus Garage.
Loss: $560,000.

A garage and bus repair shop of the Public Service Coordinated Transport Co. was totally destroyed by fire which started in a bus which had just been cleaned and filled with gasoline. Twenty-eight buses were destroyed. Fire departments of Haddonfield, Ashland, Erlton and Lawnside cooperated in fighting the fire. Upon their arrival they found the building completely involved. When the fire occurred the 45,000-gallon sprinkler tank was out of commission as the result of freezing.

December 15, near Dallas, Texas.
Magnesium Bomb Plant.
Loss: $550,000.

This plant had been built by the Austin Bridge Co. especially for the manufacture of magnesium incendiary bomb casings. The fire started at 8 p.m. in a foundry section of a building 27,000 square feet in area, of part steel and part wood construction, with wooden subdividing walls. After the building was completed, it was found necessary to install ventilating equipment to remove fumes. Priority restrictions prevented the use of a metal duct, so a plywood ventilating duct was installed under the roof, with branches extending to within 18 inches above molds heated by gas flames. The duct caught fire from a spark or gas flame, and then it was too late to do much about it, for any water or chemical extinguisher stream, falling on hot magnesium, might

have caused an explosion. It is said that some glass bottle carbon tetrachloride hand grenades were used on the burning duct, but they were ineffective, as might have been expected. The magnesium ignited, and a large quantity in storage burned furiously. The plant was outside the city limits, so the Dallas Fire Department could not respond until they received proper authorization. They did good work in preventing the spread of fire to other buildings. Even if they had been able to respond instantly, nothing could have been done to save the building after the fire started.

February 17, North Kansas City, Mo.
Rubber Warehouse.
Loss: $540,000.

A building housing a rubber tire warehouse and a tire recapping plant was completely destroyed by fire of unknown cause, which originated near the center of the building. The structure was one story brick joisted, with a total undivided area of 51,200 square feet. No sprinklers. No watchman service. Fire was beyond control when the first apparatus arrived promptly on receipt of an alarm at 1:57 a.m.

May 17, Peoria, Ill.
Multiple Occupancy.
Loss: $527,000.

Fire of unknown origin destroyed an unsprinklered three-story brick-joist building occupied by several stores, a photographic studio and a department store stockroom. The fire had apparently been burning for some time when discovered at 10 p.m. by a telephone operator in an adjoining department store. When firemen arrived at the scene, flames had spread so rapidly through the combustible stock that the structure was completely involved.

November 11, Temple, Texas.
Cotton Warehouse.
Loss: $525,000.

Fire believed due to a "fire packed" cotton bale resulted in the destruction of some 4,000 bales of cotton, comprising the contents of one section of a compress and warehouse. The fire occurred in a storage section 255 x 320 ft., far too large for effective control by hose streams. No automatic sprinklers. The fire was discovered in its incipiency by a clerk, who promptly called the fire department. Despite their immediate response, the fire spread rapidly due to a high wind. Fire walls confined the fire to the section of origin.

January 23, Naples, N. Y.
Winery.
Loss: $500,000.

Fire which reportedly started in a dryer resulted in the destruction of a three-story tile and stucco grape juice building, brick wine cellar, power house, plumbing shop and several sheds of Widmer's Wine Cellar, Inc. Irreplaceable machinery was lost.

May 28, Miami, Fla.
Mercantile Building.
Loss: $500,000.

A two-story concrete and joisted building housing the Red Cross Department Store and other stores was heavily damaged by fire which started in the second-floor storage area, presumably due to careless smoking by employees. Flames had spread considerably through combustible stock before discovery at 11:40 p.m. by a passer-by.

EDITORIAL

(Continued from page 4)

few companies which sets up separate reserves for claim expenses outside of Schedule "P".

Getting further down to cases we now print figures showing the situation as to a real actuarial Comparison of Incurred Losses Underlying Individual Risk Experience Ratings and Ultimate Values, State of New York.

First as to all companies.

ALL CARRIERS

Year of Issue	1st Report	2nd Report	3rd Report	4th Report
1934	27,341,683	27,289,620	28,397,279	28,393,170
1935	32,086,151	32,097,784	32,533,580	32,325,228
1936	38,162,909	38,112,199	37,728,969	38,290,049
1937	39,026,467	37,671,653	38,937,661	
1938	38,380,978	39,448,654		
1939	43,922,593			
		RATIOS TO 1ST REPORTINGS		
1934	100.0	99.8	103.9	103.8
1935	100.0	100.0	101.4	100.7
1936	100.0	99.9	98.9	100.3
1937	100.0	96.5	99.8	
1938	100.0	102.8		
1939	100.0			

Then here are similar data showing the figures developed by the business of a specific mutual company which Johnson & Higgins has frequently attacked.

A LEADING MUTUAL

Year of Issue	1st Report	2nd Report	3rd Report	4th Report
1934	1,417,653	1,423,803	1,451,480	1,497,607
1935	1,908,334	1,912,700	1,943,269	1,973,837
1936	2,576,215	2,542,685	2,537,097	2,598,568
1937	2,494,651	2,494,651	2,506,147	
1938	2,789,830	2,819,957		
1939	3,572,694			
		RATIOS TO 1ST REPORTINGS		
1934	100.0	100.4	102.4	105.6
1935	100.0	100.2	101.8	103.4
1936	100.0	98.7	98.5	100.9
1937	100.0	100.0	100.5	
1938	100.0	101.1		
1939	100.0			

The same comparison made in Massachusetts shows:

Year of Issue	1st Report	2nd Report	3rd Report	4th Report
		ALL CARRIERS		
1934	6,083,548	6,285,970	6,313,929	6,316,787
1935	6,366,693	6,566,397	6,567,760	6,573,662
1936	6,768,010	6,935,758	6,959,584	7,009,084
1937	6,629,250	6,838,594	6,878,529	6,901,640
1938	6,762,743	6,822,598	6,857,491	
1939	6,988,285	6,940,355		
1940	7,779,342			
		RATIOS TO 1ST REPORTINGS		
1934	100.0	103.3	103.8	104.0
1935	100.0	103.2	103.2	103.2
1936	100.0	102.4	102.8	103.5
1937	100.0	103.2	103.9	104.1
1938	100.0	101.0	101.4	
1939	100.0	99.4		
1940	100.0			
		A LEADING MUTUAL		
1934	1,603,157	1,613,240	1,623,323	1,640,127
1935	1,706,142	1,755,651	1,805,159	1,828,009
1936	1,841,984	1,906,090	1,910,364	1,923,185
1937	1,840,208	1,888,955	1,888,955	1,893,017
1938	2,017,368	2,096,018	2,076,356	
1939	1,969,726	1,993,796		
1940	2,398,230			
		RATIOS TO 1ST REPORTINGS		
1934	100.0	100.6	101.3	102.3
1935	100.0	102.9	105.8	107.1
1936	100.0	103.5	103.7	104.4
1937	100.0	102.6	102.6	102.9
1938	100.0	103.9	102.9	
1939	100.0	101.2		
1940	100.0			

(Continued on next page)

It will be noted that on this true basis the developed ratios in the 2nd, 3rd and 4th Reports for all carriers, were often as much as or more than the same ratios for the mutual being attacked. By these figures it is seen the capital stock companies put up comparable reserves, and this is more emphasized because the data for all carriers included all mutuals, thus demonstrating that the latter's practice on reserves is normal and not excessive.

There you have it. When the figures are not muddled with items which have no place in considering the problem under examination the picture is distinctly different.

Brokerage firms hold out to their clients the claim that unprejudiced correct, studied advice will be given; that they are unbiased because they represent the buyer instead of the companies. Brokers who hold to this ideal deserve commendation for high business ethics and excellent service to those who entrust insurance matters to them.

What can be said of brokers who look merely for more commissions on higher priced insurance, whose "shopping around" in the interests of clients is limited to their own favored list of companies, whose idea of fair play is to "tell 'em anything to sell 'em?"

However, aside from the merits of particular cases those who raise these reserve and surplus questions should take into account the possibility that charges and countercharges as to these items may shake public confidence in the present regulatory system. This may lead to a demand for an over-all authority, nation-wide in scope, to revise the insurance financial structure and to promulgate standards under which these items might be raised or lowered. We have no doubt a thorough investigation into the possible overcapitalization of the business and to what extent, if any, money is being improperly or unnecessarily added to reserves and surpluses and thus withheld from policyholders or stockholders, would be very interesting. If that is what the stocks want—so be it.

POST WAR BUSINESS

(Continued from page 6)

of business cycles would be much less pronounced if it were not for this fact, and the initial impetus of any favorable or unfavorable factor in the post-war period may cause a sudden shifting of direction of the business currents and thereby bring about a greater range in the ultimate upswings or downswings.

A national post-war economy based upon a program of improving the living standards of the entire world would, at the outset, provide a great stimulus for productive activity in this country that could last for many years if a formula could be found for the financing of such a program. International trade, unless it is based solely on lend-lease arrangements in which the United States government finances the cost, can only continue while there is an approximate trade balance in which the national purchases from foreign countries equal the national sales to them. The fact is that the war has tended to make us more self-sufficient as a nation than ever before, as a result of our ingenuity in developing new and substitute raw materials, so that actually we will require less in imports than will be necessary to offset a sustained boom in export trade.

Furthermore, the American Institute for Economic Research points out that whenever in the past the supply of purchasing media in the hands of the public has increased substantially, it has also led to a great increase in money hoarding. The instinct of self-preservation is still such that John Smith, who has saved a possible $5,000.00 of his wartime earnings, is not likely to forget the serious days when he and his family were on relief in 1933. The redemption of war bonds and the refunding of compulsory savings after the war will undoubtedly cause some to enjoy a spending spree but the great majority can be counted upon to husband this new wealth rather carefully. Statistics proye that there was no sudden rush to cash war bonds in order to buy consumers' goods after the last war.

Finally, there is the great uncertainty of the extent to which employment can be maintained for any sustained post-war period. United States Department of Commerce figures show that there are now 16 million more persons employed (including those in the armed services) than in the relatively normal pre-war year of 1939. In addition, productive efficiency per person is greater than it has ever been. Stated in other terms, the capacity to produce in our national industrial system is now 165 billion dollars as compared with only 97 billion dollars in 1940. Even allowing for the return of some of the 14 million presently employed women to home and family duties, it is evident that an unemployment problem of vast magnitude exists. The Private Committee for Economic Development which is led by Paul G. Hoffman, president of Studebaker Corporation, believes that the problem can be solved by business itself if it is given a favorable economic climate. On the other hand, the National Resources Planning Board states unqualifiedly with respect to unemployment that "the need for public aid will be both large and persistent for some time to come. It should be the declared policy of the government to underwrite full employment for all employables." Its program includes plans for a large government-financed program of public works, urban and rural construction, et cetera.

• • •

SO FAR, all of this relates to the general economic picture as a whole. It does not convey a distinct impression as to whether the favorable factors will be able to predominate and create a prolonged period of prosperity or whether the unfavorable elements will outweigh them and lead to instability and depression. It certainly establishes that it is not possible to fix in advance the dates on which to be bullish and the dates on which to be bearish, or the months in which to buy merchandise in expectation of advancing prices or to reduce inventories for impending decline. Assuming this, where does it leave the individual business owner or operator? Is it possible to develop conclusions for him as to basic business conditions and trends, regardless of the variations of the general cycle? From them, are there down-to-earth fundamentals that can be observed, guides that can be devised, philosophies that can be adopted, that will give him the maximum chance of success whether times be good or bad?

The first is that we must come out of the clouds and get down to earth. Business planning must be based on ignoring today's artificial conditions and getting back to pre-war levels, in attempting to get a starting point upon which to apply these new favorable and unfavorable influences. The war in Europe began in 1939. There were 9 million unemployed in this country then. Our national income was less than 90 billion dollars. Major social and economic long-range changes were under way.

Starting at that point and being guided in part by the history of other post-war periods, the post-war planning of the individual business man should be based upon these premises:

(1) Product and marketing changes will not be sudden. The radical new technical improvements will not spring forth immediately after the war or appear in the first products that come to market. The new automobiles will probably look very much like the last of the old ones. The new refrigerators, stoves, and household equipment likewise will improve gradually upon the pre-war models as in the case of the technical developments of the last war. These new materials, processes and methods require a great deal of experimentation and adaptation before they can be made effective and it is therefore more practical for the manufacturer to begin with the old and improve it rather than to attempt to revolutionize it in one step.

(2) Governmental regulation in some phases will continue. The National Resources Planning Board and the Brookings Institution both predict some retention of commodity rationing and continuing price control and wage control after the war in order to avoid the possibility of inflation during the period of first replacement buying. It may likewise find it advisable for a time to control consumer credit. It is significant that the price inflation in the 18-month period following the last war was as great as that which occurred during the entire war. The government will undoubtedly want to avoid a repetition, if possible.

(3) Business will be highly promotional and there will be the most intensive selling effort that has ever taken place. Sales and advertising ballyhoo of pre-war days will be minor compared with the effort that will be made after this war to pry the dollars from those who have them.

(4) As compared with today, business eventually will be highly competitive, costs will increase, selling prices will go down, and margins of profit will decrease. Survival will depend upon maximum efficiency in production and distribution. There will be a tremendously increased emphasis upon cost accounting, on production planning, on time and motion efficiency, and on distribution costs. Profits will depend not on getting more effort out of workmen but on giving the workmen the tools and methods to produce more with the same effort.

(5) The encroachment of big business on small business will continue. Remember the growth of the chain stores after the last war? Chain factories, more vertically integrated industries, and many horizontally diversified producers will probably spring from this one. As an illustration, one large aircraft company is reported to have had experts making intensive surveys of sixty or more different metal-working industries to find post-war products to engage its overgrown plant and personnel.

(6) Business will be burdened with the cost of increasing social responsibilities. The unemployment problem is not solved. The average span of life is being prolonged. Both of these circumstances will almost inevitably lead to an extension of the principle of social security for the unemployed and the aged and all of their dependents. The employer who is prospering and the employee who is working will bear the cost of providing the necessities of life for those who cannot earn them. Social security taxes, therefore, will undoubtedly be increased and the benefits will probably be extended along the lines of "cradle to grave" plans to provide for medical care, health insurance, mothers' and widows' allowances and similar relief.

(7) Labor will probably not lose its gains in its fight against capital for a greater share of business profits. A growing social consciousness may even lead gradually to partnership arrangements between business and labor along the lines of the highly publicized experimental plans such as that of Lincoln Electric Company, Cleveland, in which the profits are allocated between capital and labor. Employee disability, hospitalization, and retirement plans will all become more common.

(8) Finally, business is certain to be burdened with much higher taxes on profits than before the war. It requires no test of the imagination to compute that the interest cost on our national debt will alone almost equal any pre-war national budget. The running expenses of the government will probably never decline to their pre-war level because of the added responsibilities which the government has assumed and will assume. Business will have to pay a large part of this cost.

• • •

HERE then is the substance of tomorrow's twofold challenge to business. The first calls for greater measure of the aggressive, alert, forceful efforts that have always characterized American industry. It demands still more in ingenuity and resourcefulness—in invention, adaptation and improvement—applied to product and service alike. It puts a greater premium on management ability than has ever before existed.

The second calls for a recognition of the changing social and economic trends of the last several decades. These trends don't rest on political considerations and won't be affected by shiftings of political parties. The fact is that the pace of history is still accelerating and with it the pace of change. Private initiative will be preserved, but only under what is now described as a modified incentive system.

The future of business, therefore, will involve continuing experimentation and improvement, more effort and costs, more failures and many disappointments, but the net result of all will be more broad progress in every single year than in a century at the time of Christ. Perhaps all that is needed is to adjust our philosophies to recognize the fact that the industrial revolution of the 19th Century was followed by the social revolution of the 20th Century. Intermittently, there has been and will be some confusion and uncertainty in our existence but the general trendline is upward at an amazingly steep rate.

Over one hundred years ago, in 1820, Great Britain came out of what was then its most serious war in history. One of its writers, Lord Macaulay, looked at the prospect ahead in these words, so prophetic then as to be apt today:

"The present moment is one of great distress. But how small will that distress appear when we think over the history of the last forty years; a war, compared with which all others sink into insignificance; taxation, such as the most heavily taxed people of former times could not have conceived; a debt larger than all the public debts that ever existed in the world added together; the food of the people studiously rendered dear; the currency imprudently debased, and imprudently restored. Yet is the country poorer . . . ?

"We cannot absolutely prove that those are in error who tell us that society has reached a turning point, that we have seen our best days. But so said all who came before us, and with just as much apparent reason. We firmly believe that in spite of all the misgovernment of her rulers, our country has been almost constantly becoming richer and richer. Now and then there has been a stoppage, now and then a short retrogression; but as to the general tendency there can be no doubt. A single breaker may recede but the tide is evidently coming in."

Our Toiling Teen-Agers

BY C. E. PETTIBONE*

***In this article Mr. Pettibone, vice-president and manager of the engineering department of American Mutual Liability Insurance Company of Boston, has developed the need to give attention to the safety of the minors employed in industry—first, from the standpoint of meeting legal requirements—particularly of the Federal regulations—and, second, from the standpoint of accident-prevention measures. The article appeared originally in the company's own publication — American Mutual Magazine — from which we are reprinting it by special permission.**

INDUSTRY has great and growing need of the services of boys and girls from sixteen years old to the military age. Already there are over a million and a half in this teen-age bracket working full or part time to help carry the load of production on the home front. In the main, these youths are good workers, for Americans of their generation were reared in the motor age. They are "at home" in the environment of machinery — their coordination of hands, feet and eyes is outstanding. They have exuberance to "get on" with the job and a wholesome freshness that is the foundation for healthy morale.

To be sure, there are the perennial problems of how best to bring up our boys and girls, either at home, in school, in society at large—and now in industry. But no doubt there will always be these problems. In any event, these youths are not the regimented automatons of political crackpots, nor the zealots of "isms" which rot away all sense of balance.

What, exactly, is happening to the young people who have gone to work, and who, in peace, would ordinarily have had another year or two of school? Specifically, what is the accident situation likely to be for them if Safety is overlooked?

Let us remember that the young men who give their all in war are trained and trained to the point where they fight heroically and with skill, while protecting themselves from accident. Considering the terrific hazards of war, the occurrence of accidents to men in service is remarkably low. *Are we training our youthful industrial workers as thoroughly and as intelligently to work with skill, free from accidents?*

Our engineers report that many of the plants which they visit are exercising great care to safeguard operations on which young persons work, and are teaching them their jobs and maintaining constant supervision. There is some evidence, too, that the paramount job of safety is not being done so well in other plants, for many boys and girls have suffered needless and serious injury.

What are the facts? First, as respects employment, the United States Department of Labor Children's Bureau reports that in April, 1943, approximately one and a half million 16- and 17-year olds were working either full or part time—about one out of every three youngsters of 16 and 17 in the United States. Two years earlier, only one of every 6 boys and girls of this age were working. In Philadelphia, 12,000 boys and girls of 16 and 17 went into full-time jobs in this period, half of them into manufacturing establishments. Of 13,000 taking full-time jobs in 12 Massachusetts cities, of 10,000 in North Carolina and of 8,000 in Oregon, between 63 and 73 per cent went into manufacturing plants. Without carrying statistics farther, we know that we now have this tremendous number of young folks exposed to industrial hazard.

As for the types of jobs at which young persons are engaged, they run the whole gamut: assembly work in aircraft factories, working in sheet-metal shops; in shipyards they are doing sub-assembly work or are working in the coreroom, mold lofts, or machine shops. They are in textile mills, shoe factories, electrical equipment plants. Large numbers are in agricultural work. Under the current pressure of industry, there will apparently be few jobs for which they won't be found useful — and used.

What about the accident experience to date? The statistics now available do not tell much. One reason for writing this article now is to help forestall the need for such statistics. We know from our accident reports and our engineers' observation that accidents involving 16- and 17-year olds are increasing. Typical are some illustrations reported by a United States Department of Labor publication and others from our own files:

A 13-year old boy employed on odd jobs in a bakery started to clean a dough-mixing machine while it was running. His arm caught in the machinery and he died as a result of the injuries received.

A boy of 16 who had worked about four weeks as a battery hand in a cotton mill, out of curiosity reached over a guard and pushed against a leather curtain not knowing that it was immediately adjacent to revolving knives. All fingers of his left hand were caught in the knives, resulting in the amputation of four fingers.

A 15-year old boy on the night shift in a laundry tried to extract a tangled sheet from an operating mangle. He was drawn into the mangle, his right arm was torn off above the elbow, and his leg was fractured.

An energetic boy, 16 years old, took it upon himself to clean the corner-cutting machine in a paper box factory where he had been operating the machine for 2½ weeks. The boy did not think to shut off the power first, and his right hand was caught in the winding gears, resulting in the loss of two fingers from the first joints, thus causing 22½% lost use of the right hand.

A boy 17 years old was taking material from one floor to another on a freight elevator. He playfully tried to see how close he could get his foot outside the elevator as it was rising. His toe became caught in a cross bar which locks the doors and broke the great toe of his right foot.

A 16-year-old farm hand fell asleep at four o'clock in the morning while he was driving a truck to market. In the resulting accident he was severely injured.

A 16-year-old boy who was a helper on a coal truck tried to jump onto the truck while it was moving. In doing so, his foot slipped and he fell under the rear wheel, which crushed his head and arm and caused instant death.

A 17-year-old boy working as a laborer in a bituminous coal mine was loading a truck underground at a coal conveyor in the mine. The conveyor safety belt, which was too long and extended beyond the guard, caught on the boy's glove. Before the motor could be stopped, his left middle finger was twisted off at the second joint.

In addition to showing that large-scale employment of teen-agers pre-

sents a tough accident problem, safety engineering experience also has uncovered some basic reasons: *Lack of knowledge of industrial work, lack of comprehension of the causes of accidents and the results of them, lower fatigue point, inability to concentrate on repetitious jobs, tendency to horseplay and to carelessness, lack of interest in work, tendency to "pooh-pooh" safety education, disobedience of regulation, limited physical capacity, tendency to be irregular in amount of rest at night, etc.* There is good opinion that boys and girls are prone to accidents because of lack of caution (natural to youth) and negligence in the use of protective measures or devices. These reasons and many others, singly or in combination, are causes of accidents and always have been. Because they are particularly characteristic of the teenager, he will have more than his share of accidents. A report of industrial-injury findings in Great Britain during this war states that young people are more liable than older people to accidents, quite apart from their experience. The accident rate falls steeply as the age goes up from 14 to 23. Recently, the Bureau of Women and Children of the Pennsylvania Department of Labor and Industry reported that: "Our records show an increase of accidents out of proportion to the number of 16- and 17-year-old children employed.".

Now, as respects the prevention of accidents to boy and girl industrial workers, there are two main divisions of operation: legal requirements, and safety effort *per se*.

• • •

Legal Requirements

FIRST, make certain that each applicant is legally qualified to work. In line with this, it becomes the employer's responsibility to determine, first, the youngster's actual age; second, to know the Federal and State regulations on employment of workers in this age-group; and, third, to make sure that the applicant's parents have consented. Simple investigation should readily provide the answers to the first and third points. The following summary on minimum-age standards should be helpful:

16, for general employment;

14, outside school hours and during vacation, in occupations other than manufacturing, processing and mining, subject to the following conditions:

Maximum 3-hour day and 18-hour week when school is in session;

Maximum 8-hour day and 40-hour week when school is not in session;

No work between 7 p. m. and 7 a. m.;

No employment in:

Operating or tending power-driven machinery other than office machinery;

Operating or tending elevators or other hoisting machinery;

Occupations requiring performance of duties in any place where goods are manufactured or otherwise processed;

Occupations prohibited for minors under 18 years of age;

18, in occupations declared by the Chief of the Children's Bureau to be particularly hazardous for minors between 16 and 18 years of age. The following occupations have been declared hazardous:

Work in or about plants manufacturing explosives;

Motor vehicle driver and helper on motor vehicle;

Work in or about coal mines, with certain exceptions;

Logging and sawmilling with certain exceptions;

Operation of power-driven woodworking machines;

Work involving exposure to radioactive substances.

The Fair Labor Standards Act also provides that age certificates issued in accordance with the regulations of the Chief of the Children's Bureau shall be accepted as proof of age of the minor for whom issued. Such certificates provide a means whereby employers may be certain that the minor is of the required legal age for the job at which he is placed. In this way, employers may protect themselves from unintentionally violating the Act because of lack of accurate information as to the minor's age.

The Public Contracts Act, enacted in 1936, is of particular interest to firms engaged in contract work for the Federal Government of a value in excess of $10,000. The stipulations of the Act governing employment of minors are that no boy under 16 or girl under 18 years of age may be employed by a contractor subject to the Act, in the manufacture or furnishing of any materials, supplies, articles, or equipment included in a government contract.

Under authority given in the Act, the Secretary of Labor on November 11, 1942, granted an exemption to the 18-year minimum age for employment of girls, in order that essential production shall not be retarded and that there shall be no interference with the successful prosecution of the war. Under this exemption, the same minimum age is set for girls as for boys, girls being permitted to be employed only under the following conditions:

(1) No girl under 16 years of age shall be employed.

(2) No girls under 18 years of age shall be employed for more than 8 hours in any one day, or between the hours of 10 p.m. and 6 a.m or in any way contrary to State laws governing hours of work.

(3) No girl under 18 years of age shall be employed in any operation or occupation which, under the Fair Labor Standards Act or under any State law or administrative ruling, is determined to be hazardous in nature or dangerous to health.

(4) For every girl under the age of 18 years employed by him the contractor shall obtain and keep on file a certificate of age showing that the girl is at least 16 years of age.

(5) A specific and definite luncheon period of at least 30 minutes be regularly granted any woman worker under 18 years of age.

(6) No girl under 18 shall be employed at less than the minimum hourly rate set by or under the Fair Labor Standards Act or the Walsh-Healey Public Contracts Act for the industry in which the exemption is granted.

Along with these Federal Controls, practically all states have child-labor laws which specify the minimum age at which a child may go to work in any occupation, set a higher minimum age for work in specified hazardous occupations, and place various types of limitations on working hours. The standards vary greatly from state to state. Employers should familiarize themselves with the provisions of the laws of their particular state, and get in touch with their State Department of Labor regarding any special questions or problems

• • •

Safety Requirements

THE second division of accident control to be exercised with teenage workers starts with making sure that each applicant is physically and mentally qualified for the work he is to do. Obviously this requires not only a physical and mental check-up of the young worker but an appraisal of the physical and mental requirements necessary for safe operation of the job to be filled. Is strength required? or reach? or height? Is the work monotonous, does it require finger dexterity? Are conditions noisy or quiet, are there distractions?

Are toxic fumes involved? Measured against these questions, how does the applicant stack up? Pre-employment physical examinations can be most helpful in the detection of impaired health, chronic ailments, physical defects or handicaps. Likewise, questions to parents should reveal physical or mental reasons why a teen-age applicant would be endangering himself by working at certain jobs.

In assigning minors under 18 to jobs, one of the first considerations should be to keep them out of hazardous occupations and place them instead in types of work where skills may be developed and training in good work habits acquired. The Children's Bureau has developed a series of advisory standards on the employment of young workers in war industries, to assist employers in assigning young workers to suitable jobs. The standards so far issued relate to shipbuilding, lead and lead-using industries, employment involving exposure to carbon disulfide, employment involving exposure to chlorinated solvents, and welding occupations.

Next, make certain that the operation to which the young worker is being assigned has been made safe. Have all mechanical hazards been properly safeguarded? It may be necessary to go farther than it would be for an adult worker to make the operation fool-proof. Is there any material handling hazard? Dermatitis hazard? Occupational disease hazard? Children are so vulnerable to industrial poisons, both from acute poisoning and possible stunting of growth standpoints, that I doubt the advisability of using them, where toxic exposures exist, at all.

In the interest of production, as well of the workers, the physical well-being of young workers should be safeguarded in every practicable way and they should be assigned to safe jobs. Particular attention should be given to limitation on hours, to provision for food and rest periods, and to avoid night employment.

From the standpoint of the basic rule of the 3 E's governing industrial safety, namely, Education, Engineering and Enforcement, these points about the employment of teen-agers should be borne in mind. Young workers have no previous training or experience, generally, but whether they do or not, they are quick to grasp the fine points of an operation. Even after location in the right job, the teen-ager's success at it depends to a large extent on the supervision which he is given. Supervisors of young workers cannot, however, handle them in the same way as they do experienced, mature employees already adjusted to work.

It is the supervisor's responsibility to explain to a young worker, carefully, sympathetically and in detail, the manner in which the work is to be performed, as well as the precautions necessary for safety. He should foster proper work attitudes, promote good work habits and instill into the youngster a sense of responsibility towards his job. Such supervision, combined with an understanding of the young person's special problems, will go far to develop his confidence and skill, and make him a more valuable worker. The results of good supervision will be an improvement in morale, lower turnover, an increase in production, and fewer accidents. The best results come through education. Enforcement of plant operating and safety rules is essential, but be sure that the rules make sense; rules not understood get little obedience.

Engineering to accommodate the teen-ager to safe working, however, should not be left to supervisors. It is the employer's duty to make certain that the job is safe for the young worker. The engineering involved consists of two parts:

1. Appraisal of the present plant setup to determine which jobs, without extensive alterations or adaptations, can be handled safely by the young worker. Such a program of analyzing each separate work function should follow the principles of employee selection and placement as discussed above.
2. Steps to re-vamp the work layout to eliminate or lessen the hazards inherent in certain jobs or work areas. Purpose here is to minimize the hazards in those specific operations or areas which the re-appraisal (as outlined in 1) originally had found to be unsuited to the young worker.

   Management would do well to leave this re-vamping as a last resort until such time as all teen-age applicants had been placed in job categories requiring no such change-over of existing conditions. Assuming that the time may come when the need for additional employees makes necessary the consideration of youngsters for work not originally approved for them, plant operators will then have to consider widespread safety engineering changes. Only at that time will it be really necessary for entire areas of the plant to be better ventilated — machine guards, work levels and lighting re-designed and renovated — completely new provisions for handling of materials to be introduced.

Like winning the war and losing the peace, it will remain a serious discredit to American industry if unnumbered thousands of youth are blindly sacrificed to the demands of wartime production and cast back upon postwar society broken in body and spirit. Every industrial organization has the responsibility and facility for preventing such casualties. Foresight, unselfishness and unswerving adherence to a plan of safety will prevent them!

PHYSICAL FITNESS PROGRAM

(Continued from page 10)

Dr. Jacobs announced a comprehensive program which will be taken directly to the nation's industrial executives, labor organizations and community leaders with the hope of enlisting their support in encouraging every worker to participate in regular habits and exercises.

The industrial physical fitness commission already has prepared booklets to inaugurate the program. There is a brochure for employers and labor organizations outlining how physical fitness can be brought to every plant in the nation; a community booklet to be distributed through national headquarters of the American Legion, showing how patriotic, civic and other groups can cooperate, and an individual handbook for the workers themselves, carrying illustrations and brief descriptions of the variety of sports, exercises and body-conditioning habits which can be offered everywhere.

"We believe," Dr. Jacobs said, "that with cooperation from employers, employees and communities that great strides can be made in a short time to increase the health and effectiveness of the workers of America. It will, however, take cooperation. Unless industry and industrial workers give real support, we will continue to fight on the home front under the handicaps of physical deficiencies which could be remedied to an important extent."

Further details on the program and copies of the physical fitness books can be secured by writing the Committee on Physical Fitness, Federal Security Agency, Washington 25, D. C., or any of its regional offices.

32nd Annual Financial Statement

MICHIGAN MUTUAL LIABILITY COMPANY

HOME OFFICE—DETROIT, MICHIGAN

FISCAL YEAR ENDING DECEMBER 31, 1943

Board of Directors

E. R. Ailes ..... Detroit
Secretary-Treasurer
Detroit Steel Products Co.

Donald J. Buell ..... Detroit
President
Buell Die & Machine Co.

W. H. Burnham ..... Adrian
Industrialist

Frederick L. Colby, Jr. Detroit
Secretary, Berry Brothers, Inc.

Wm. H. Colvin, Jr. ..... Detroit
Pres., Rotary Electric Steel Co.

M. A. Cudlip ..... Detroit
Vice-President-Treasurer
McLouth Steel Corp.

Frederick T. DuCharme Detroit
Director, The Detroit Bank

James Inglis ..... Detroit
Chairman, American Blower Corp.

A. F. Jackson ..... Detroit
Vice-President
Michigan Malleable Iron Co.

Arnold F. Malow ..... Detroit
Vice-President-Treasurer
Barton Malow Co.

E. A. Mavis ..... Chicago
Treasurer
American Excelsior Corp.

G. P. McCallum ..... Ann Arbor
Pres., Detroit, Mackinac & Marquette Land Co.

F. H. Meyer ..... Grand Rapids
Pres., Leitelt Iron Works

Walter E. Otto ..... Detroit
President of the Company

Percy Owen ..... Grand Rapids
Pres., Michigan Bakeries, Inc.

O. A. Seyferth ..... Muskegon
President
West Michigan Steel Foundry Co.

A. A. Templeton ..... Detroit
Pres., Peoples Federal Savings & Loan Assn.

H. N. Torrey, M.D. ..... Detroit
Surgical Director
of the Company's Hospital

S. Wells Utley ..... Detroit
Pres., Detroit Steel Casting Co.

Assets

CASH IN BANKS AND OFFICE	$ 1,898,333.94
*UNITED STATES GOVERNMENT OBLIGATIONS	9,330,386.70
*STATE AND MUNICIPAL BONDS	880,927.95
*UTILITY AND INDUSTRIAL BONDS	275,236.46
UTILITY, INDUSTRIAL AND INSURANCE STOCKS (Market Value)	427,416.00
†REAL ESTATE AND BUILDINGS (Home Office and Industrial Hospital)	604,000.00
REAL ESTATE INVESTMENTS (Mortgages and Land Contracts)	70,378.51
PREMIUMS IN COURSE OF COLLECTION (Less than 90 days due)	566,533.85
ACCRUED INTEREST ON SECURITIES	43,637.82
TOTAL ADMITTED ASSETS	$14,096,851.23

Liabilities and Surplus

RESERVE FOR LOSSES AND CLAIM EXPENSE (Not yet due)		$ 7,629,066.00
RESERVE FOR UNEARNED PREMIUMS (For future service as required by statute)		2,365,524.16
RESERVE FOR TAXES, EXPENSES AND DIVIDENDS		593,576.34
VOLUNTARY CONTINGENT RESERVE		500,000.00
GUARANTY SURPLUS	$ 500,000.00	
SURPLUS	2,508,684.73	
TOTAL SURPLUS TO POLICYHOLDERS		3,008,684.73
TOTAL LIABILITIES, RESERVES AND SURPLUS		$14,096,851.23

INCREASES OVER 1942:

ADMITTED ASSETS	**$2,223,109.63 or 18.72%**
SURPLUS TO POLICYHOLDERS	**401,075.70 or 15.38%**
PREMIUMS WRITTEN	**415,877.35 or 4.95%**

**ALL ELIGIBLE BONDS ON AMORTIZATION VALUE BASIS. BONDS AT MARKET VALUE WOULD INCREASE ASSETS AND SURPLUS $104,104.40* • • SECURITIES CARRIED AT $211,330.52 IN THE ABOVE STATEMENT ARE DEPOSITED AS REQUIRED BY LAW • • †REAL ESTATE AT ACTUAL COST LESS DEPRECIATION.

TOTAL DIVIDENDS TO POLICYHOLDERS $12,918,282.43

•

Workmen's Compensation • Automobile • General Casualty Lines

Founded in 1912 — Dividend Paying

HOPE LIVES in the hearts of loved ones left at home by fighting men . . . hope for victory . . . hope that the absent one will return safely . . . and hope that all will be done that can be done to ease for him the tremendous burden of war.

The Red Cross, born in the heart of humanity, has become a universally honored symbol that sustains that hope—and fulfills it by countless acts of mercy . . . ministering to the wounded with transfusions of life-saving blood plasma in the midst of battle . . . providing food and comfort for our boys who are prisoners of war . . . recruiting and teaching nurses . . . maintaining contact between men in all branches of service and their folks at home.

In these and many other ways, the Red Cross is working ceaselessly to relieve the suffering, privation, and loneliness caused by war—and is still ready, as always, to give prompt aid to victims of devastating floods, train wrecks, fires, and other public catastrophes.

The Red Cross has no funds to carry on its magnificent work save that which we and our fellow Americans voluntarily provide. Must its great humanitarian task pause, or fall short, because we failed to give it the support it so vitally needs? Translate your answer into action: GIVE MORE OF YOUR DOLLARS TO THE RED CROSS, NOW.

FEDERATED HARDWARE MUTUALS
Hardware Dealers Mutual Fire Insurance Company, Home Office, Stevens Point, Wisconsin
Mutual Implement and Hardware Insurance Company, Home Office, Owatonna, Minnesota
HARDWARE MUTUAL CASUALTY COMPANY
Home Office, Stevens Point, Wisconsin
LICENSED IN EVERY STATE

Hardware Mutuals

Stevens Point, Wis. ★ Owatonna, Minn. ★ Offices Coast to Coast
Compensation, Automobile and other lines of non-assessable
CASUALTY AND FIRE INSURANCE